CATCo Reinsurance Opportunities Fund Ltd.

Annual Report 2011

for the period from
20 December 2010 to 31 December 2011

catcoim.com

CATCo
Investment Management Ltd.

CATCo Reinsurance
Opportunities Fund Ltd.

Contents

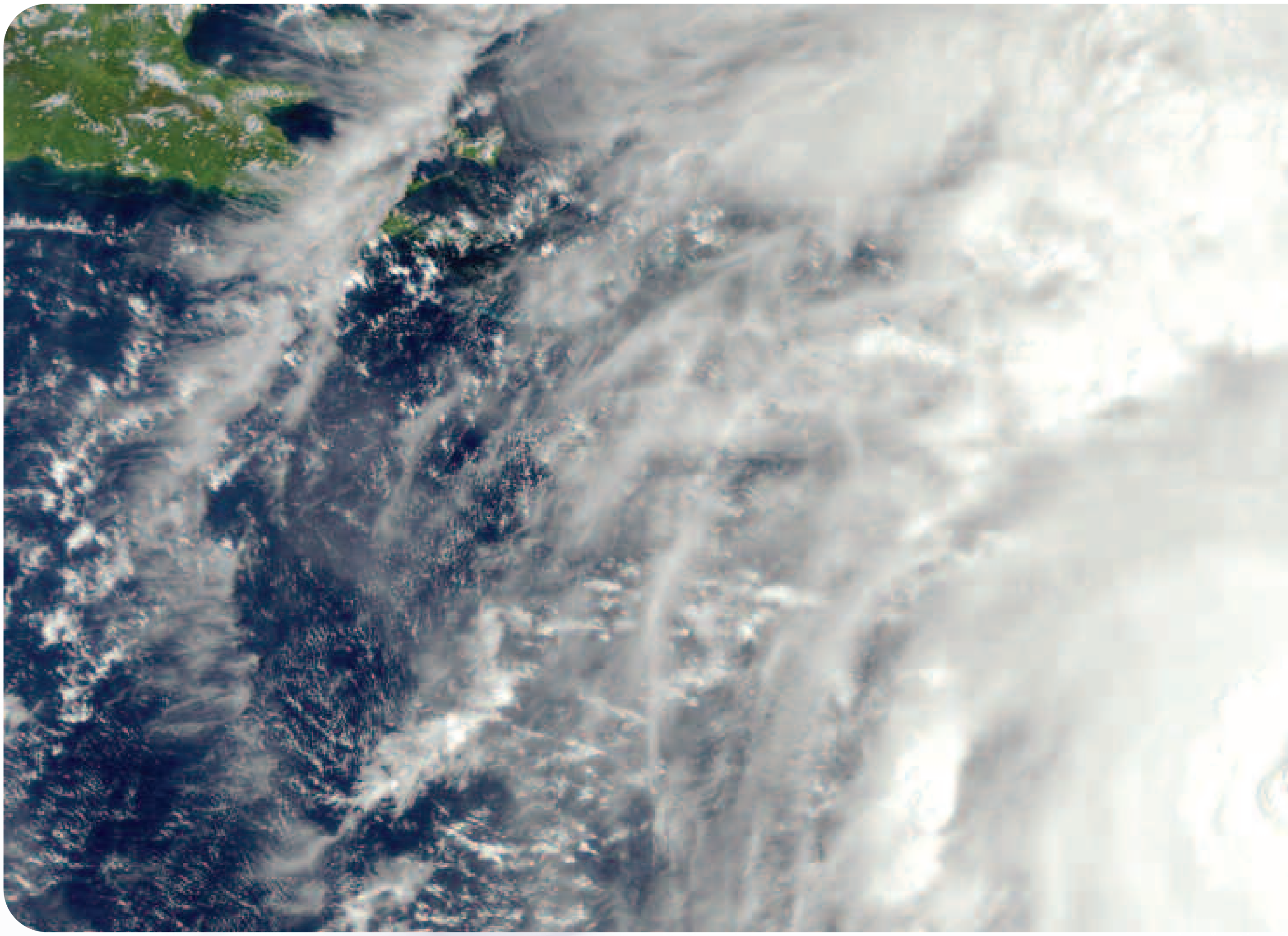
Financial Highlights

Directors' Reports and Financial Statements

General Information

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary or C Shares in CATCo Reinsurance Opportunities Fund Ltd., please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Corporate Summary

CATCo Reinsurance Opportunities Fund Ltd.

- Specialised 'pure play' in retrocessional reinsurance
- Capital growth and income
- Annual dividend
- Managed by CATCo Investment Management Ltd.
- Outperformance incentivised
- Discount management
- Independent Board of Directors

Investment Opportunity

The Company provides its shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised reinsurance contracts and also via a variety of insurance-based investments.

Portfolio Objective

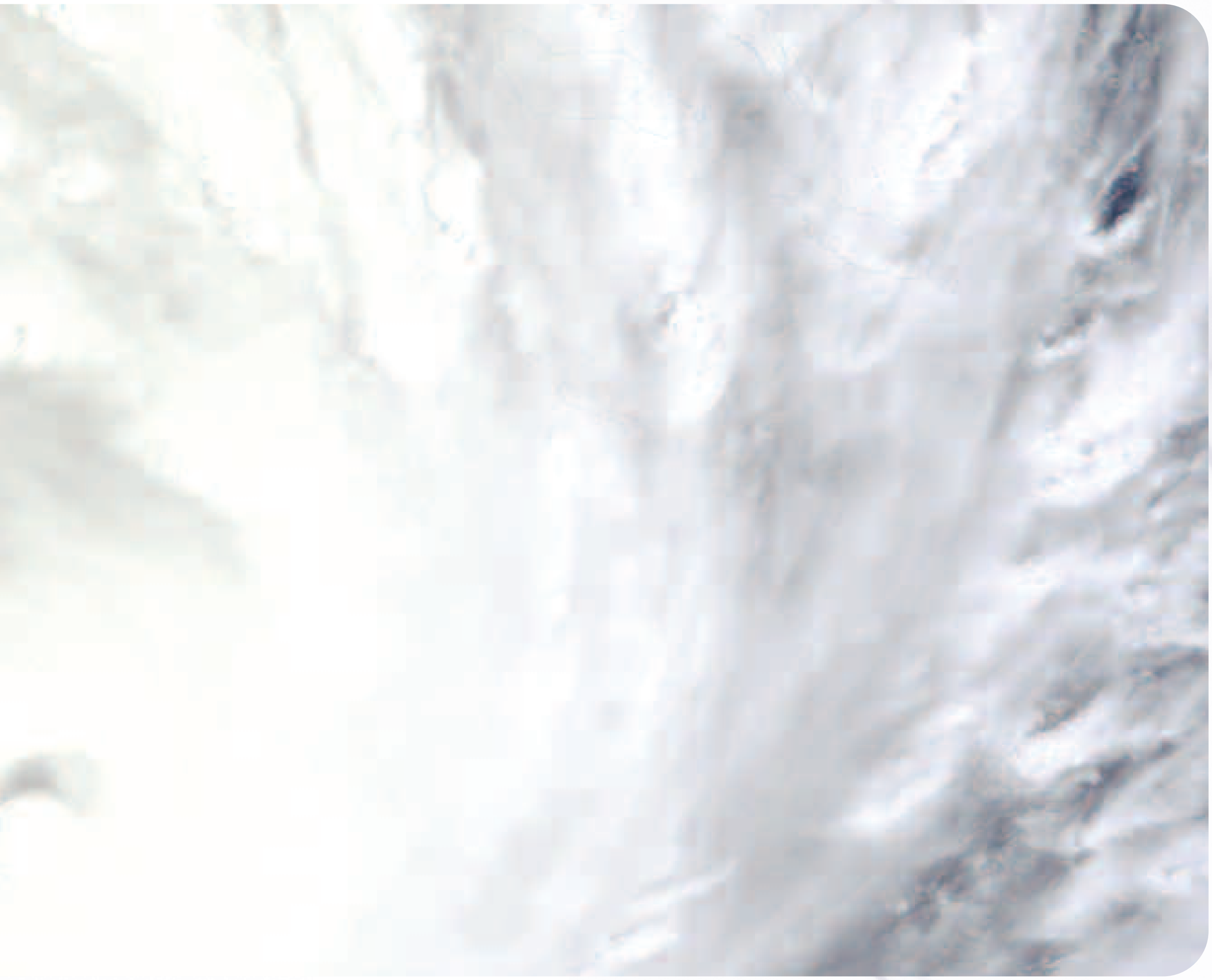
Global

Capital Structure

87,642,000 Ordinary Shares and 244,118,029 C Shares of $0.0001 par value each entitled to one vote.

Dividend

March



Focused Portfolio

CATCo Investment Management Ltd. manages a focused portfolio of retrocessional reinsurance risks in global property, marine and aviation that are fully cash collatoralised.

Growing Long-term and Delivering Income

CATCo Reinsurance Opportunities Fund Ltd. aims to achieve long-term capital growth and income through a balanced portfolio of global catastrophic reinsurance risk protections.

Annual Dividend

The company intends to pay an annual dividend to provide investors with a regular income as well as capital growth.

Managed by Anthony Belisle of CATCo Investment Management Ltd.

CATCo Reinsurance Opportunities Fund Ltd. is managed by Anthony Belisle, who has 27 years' experience managing and broking insurance and reinsurance transactions. He is supported by CATCo's experienced management team.

Outperformance Incentivised

CATCo Reinsurance Opportunities Fund Ltd. pays a basic annual management fee of 1.5% of net assets per annum, supported by a performance fee arrangement that aligns the Manager's interests directly with those of shareholders.

Discount Management

To assist in managing any discount to Net Asset Value at which Ordinary Shares or C Shares may be trading, the Company has the authority (subject to annual renewal by shareholders) to make market purchases of up to 14.99% of the Company's Shares.

Independent Board of Directors

CATCo Reinsurance Opportunities Fund Ltd. is overseen by an independent Board of Directors. By engaging with and listening to shareholders, the Board of Directors ensures that the Company continues to offer a distinctive investment proposition that is relevant to investors' needs.

Chairman's Statement

Annual Report for the period 20 December 2010 to 31 December 2011

I am pleased to present to shareholders the Company's first annual report for the period ended 31 December 2011.

The Company was admitted to trading on the Specialist Fund Market ("SFM") of the London Stock Exchange plc on 20 December 2010 raising $80.39 million from the issue of 80,392,000 Ordinary Shares in the Company.

The Company's shares are now also listed on the Bermuda Stock Exchange following the Secondary Listing on 20 May 2011. At 31 December 2011, the Company had 87,642,000 Ordinary Shares and 244,118,029 C Shares, respectively, with a net asset value of $339.79 million.

Company Overview

The Company is established as a feeder fund that invests substantially all of its assets, via the CATCo Reinsurance Fund Ltd., CATCo Diversified Fund ("Master Fund"), in investments linked to catastrophe reinsurance risks.

This is achieved principally by investing in traditional reinsurance contracts accessed by investments in preferred shares of CATCo Re Ltd., a Bermuda domiciled and regulated Class 3 reinsurer, which writes fully collateralised reinsurance contracts. In addition, the Master Fund has the ability to invest in a variety of insurance-based instruments.

The Master Fund spreads its investment risk by having exposure to several non-correlated risk categories such as residential and commercial property losses caused by catastrophes such as hurricanes and earthquakes. Details of your Company's portfolio are given in the Distribution of Investments on page 8, and you will note the substantial diversification and geographical spread.

Investment Objective

The Company's investment objective is to seek to provide investors with significant capital returns and long-term distributions at a sustainable level. The Company targets an internal rate of return in excess of LIBOR plus 12% to 15% per annum.

Distribution Policy

The Company also targets distributions by way of a dividend in respect of each Fiscal Year, of an amount equal to LIBOR plus 5% of the Net Asset Value at the end of each Fiscal Year.

Corporate Activity in 2011

Following the IPO, the Company completed three additional fund raisings to take advantage of higher premiums and increased demand for retrocessional protection as a consequence of the natural catastrophes in Australia, New Zealand and Japan during the year.

The issue of C Shares enabled the Company to increase the diversification of its underlying portfolio throughout the year and benefit from increased retrocessional reinsurance pricing in the market. Details of the subsequent corporate transactions completed by the Company are as follows:

- On 31 March 2011, $7,358,750 was raised through an additional issuance of 7,250,000 Ordinary Shares;
- $124,446,737 was raised through the issuance of 124,446,737 C Shares on 20 May 2011 and $850,000 was raised through the issuance of 850,000 C Shares on 23 May 2011; and
- A further $125,000,000 was raised through an additional issuance of 118,821,292 C Shares on 16 December 2011.

The Company's Ordinary Shareholders are indirectly exposed to potential losses arising from the New Zealand earthquake that occurred on 22 February 2011 and the Japan earthquake on 11 March 2011 (respectively, "NZ Exposures" and "Japan Exposures"). Due to the uncertainty in valuing this exposure and the tenure of these contracts, the Master Fund's Board of Directors designated the Master Fund's potential NZ Exposures and Japan Exposures as a Side Pocket Investment ("SP Investment"). As a result, Master Fund Shares that were issued to Master Fund Shareholders after 31 March 2011 would 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. The Company's C Shares operate in the same way and have no exposure to these events.

The Company's Investment Managers have recently had meetings with the reinsurance counterparties that have NZ and Japan Exposures included in the Side Pocket Investment and further information has been received.

It was the Company's intention to settle the Master Fund's exposure to the NZ and Japan Exposures before 31 December 2011 to enable the Side Pocket Investment to be realised and for any C Shares issued throughout 2011 to be converted into Ordinary Shares. However, based on the new information received from our reinsurance counterparties in mid-December the SP Investments will remain in place until more conclusive information becomes available from the reinsurance counterparties.

The Company and its Investment Portfolio

As at 31 December 2011, the net asset value ("NAV") per Ordinary Share of the Company was $0.9999 and the NAV per C Share was $1.0329. The share price of an Ordinary Share was $1.08 with a premium to NAV per Ordinary Share of 8.01%. The share price of a C Share was $1.08 with a premium to NAV per C Share of 4.56%.

On 15 November 2011 the Board declared a final dividend of US$0.051 in respect of the Ordinary Shares and a final dividend of US$0.051 in respect of the C Shares.

Outlook

2011 ranks as one of the two most expensive years for the insurance industry with approximately $105bn in insured natural catastrophe losses. This exceeds 2005's natural catastrophe losses of $101bn, which included hurricanes Katrina, Wilma and Rita.

It is particularly pleasing that despite the year's events the Company generated shareholder returns in its first year of trading.

With the capital from the latest fund raising deployed, enhanced portfolio diversification and premiums at higher levels due to the severe industry losses in 2011, the Board fully expects to produce significantly higher projected returns in 2012.

I look forward to welcoming shareholders to our first Annual General Meeting to be held on 6 March 2012 at the offices of CATCo Investment Management Ltd., 9 Par La Ville Road, Hamilton HM11, Bermuda at 9.30am (local time).

Anthony Taylor
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
30 January 2012

Manager's Review

Annual Report for the period 20 December 2010 to 31 December 2011

The insurance industry was faced with one of the most challenging years in its lengthy history due to a record number of natural catastrophes resulting in multi-billion dollar insured losses. Ignoring inflation adjustments, 2011 will go down as the most costly year ever for the insurance industry and, on an inflation-adjusted basis, it rivals 2005, the year of US hurricanes Katrina, Wilma and Rita. The total insured losses resulting from natural catastrophes exceeded $100 billion as compared to the trended 30-year average, which is closer to $25 billion. 2011 is the first year to bear witness to three natural catastrophes of more than $10 billion each, which included the 22 February New Zealand earthquake, the 11 March Japan earthquake and the Thailand flooding beginning in July and continuing into December.

Despite the inordinate amount of catastrophic activity that occurred during 2011, the Company's portfolio held up exceedingly well with positive annual returns generated for all of the Company's shareholders. Further, the retrocessional reinsurance capacity available to the reinsurance industry was significantly depleted. As a result, retrocessional reinsurance pricing increased significantly and the Company's capital base more than quadrupled since its launch less than 12 months earlier.

Performance

The Net Asset Value total return of Ordinary Shares was 5.09% for 2011. In addition, a significant amount of capital was raised during May of 2011. These C Share investors received a Net Asset Value total return of 8.58%. Hedging costs, related to US hurricane protections, were incurred in June 2011 and impacted returns negatively by roughly 2%.

Outlook

The 2012 retrocessional reinsurance investment portfolio has been largely finalised, with all of the Company's available capital deployed, and includes more than 35 non-correlated risk perils. With the exception of the offshore marine pillar, the portfolio is largely comprised of storm and earthquake risks diversified geographically across the world's insured properties. The 2012 projected no-loss portfolio returns are significantly higher as compared to the 2011 portfolio, with a lower average risk level. On a gross basis, all possible worst-case, single-event loss scenarios result in positive returns. Therefore, if the world experiences a more tolerable level of natural catastrophes in 2012, then the Company's shareholders can look forward to higher returns in the year ahead.

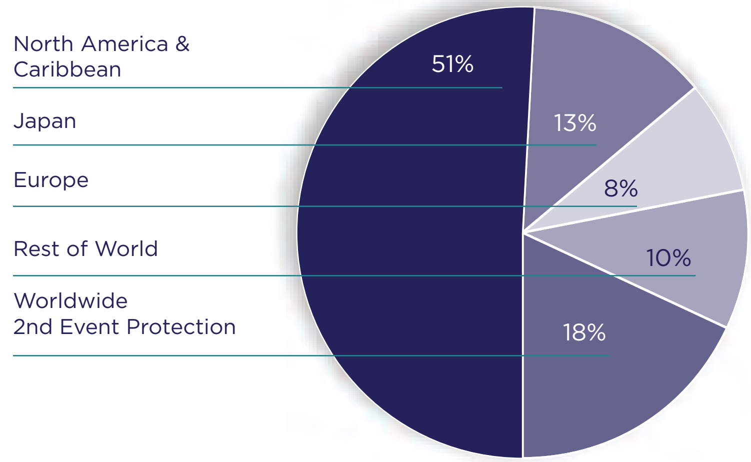
Concerning future corporate activity, the Managers do not envision any further capital raising activity for the Company for 2012, barring significant catastrophic events. The Company's assets under management now stand at approximately $350m and the total funds invested by the Managers now exceed $1 billion. Annual expected organic growth, as well as private fund investment, will satisfy any additional reinsurance buyer demand for CATCo-Re Ltd.'s retrocessional protections.

Anthony Belisle
Director,
CATCo Investment Management Ltd.
30 January 2012

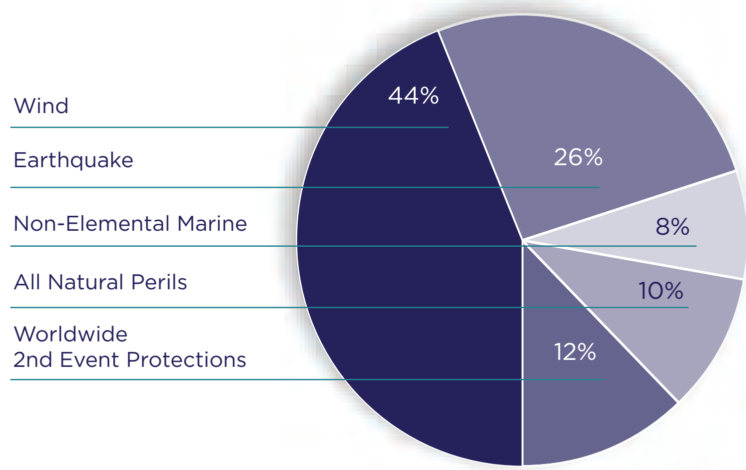
Distribution of Investments

Retrocessional Reinsurance

Geographic Distribution



Exposure by Peril



Results

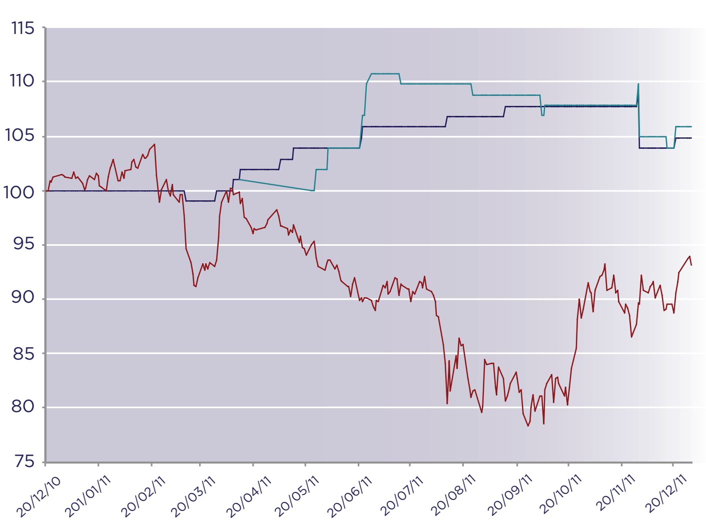
2011 Summary
United States Dollar

	Ordinary Shares 31 December 2011	C Shares 31 December 2011
Net Asset Value	87,633,736	252,160,076
Shares in issue	87,642,000	244,118,029
Net asset value per share	0.9999	1.0329
Share price	1.08	1.08
Premium / (discount to NAV)	8.01 %	4.56 %
Dividends declared and payable per share*	0.051	0.051
Total return after performance fee	7.43%	11.69%

**C-Shares issued after 30 November 2011 are not eligible to receive dividends*

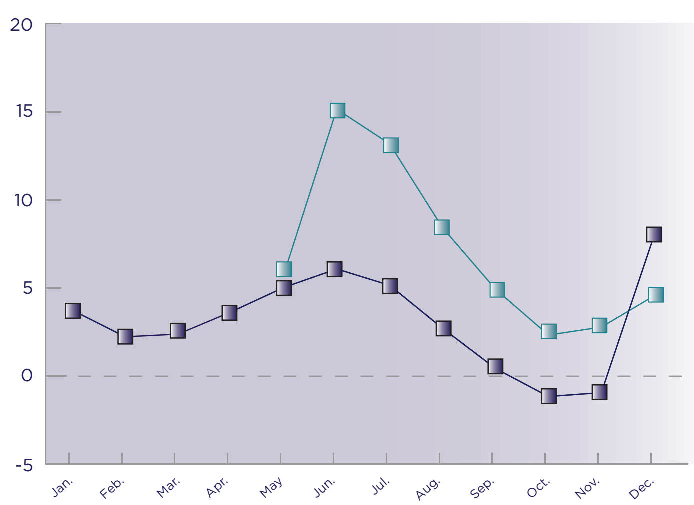
	31 December 2011		31 December 2011	
Year's high and low	**$ High**	**$ Low**	**$ High**	**$ Low**
Net asset value per share	1.123	0.988	1.0751	0.9737
Share Price	1.12	1.02	1.14	1.02

Relative Share Price Performance (Rebased)
20 December 2010 to 31 December 2011



Source: Bloomberg

Premium / (Discount) to Net Asset Value
January - December 2011



Source: CATCo Investment Management Ltd.

Performance

Key Information at 31 December 2011

NAV*	USD $339.79 million
NAV per Ordinary Share*	$0.9999 **
Share Price per Ordinary Share^	$1.08
Premium to NAV per Ordinary Share	8.01%
NAV per 'C' Share*	$1.0329 **
Share Price per 'C' Share^	$1.08
Premium to NAV per 'C' Share	4.56%

Launch Date	20 December 2010
Domicile	Bermuda
Listing	London and Bermuda Stock Exchanges
Structure	Closed Ended Investment Company
Reporting	Monthly; Interim and Annual Audits
Calendar Year	31 December
Target Distribution	USD, 31 March LIBOR + 5% of NAV
Management Fee	1.5% p.a.
Performance Fee	10.0% p.a.
Performance Trigger	LIBOR + 7.5%
High Water Mark	Yes
Continuation Vote	Every 5 Years
Directors	Anthony Taylor (Chairman), Alastair Barbour & James Keyes
Bloomberg Ticker	CAT.LN/CATC.LN

* Source: Prime Management Limited ^Bloomberg
** Including dividend declaration of $0.051 per share

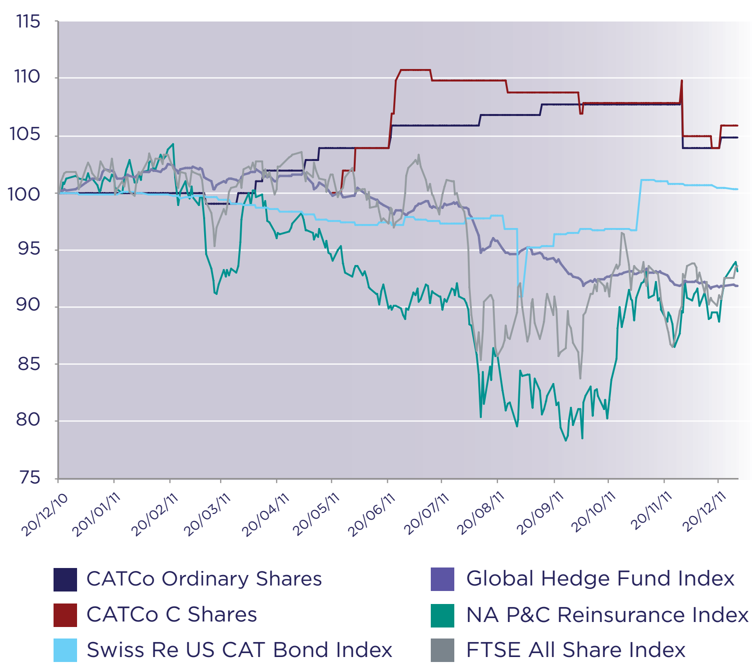
NAV Performance at 31 December 2011

Month	2011 Ordinary Shares ⌘†USD Returns	2011 'C' Shares ⌘†USD Returns
January	0.98%	–
February	1.01%	–
March	0.80%	–
April	0.70%	–
May	0.57%	0.05%§
June	0.86%	0.82%
July	0.89%	0.86%
August	3.32%	3.46%
September	3.20%	3.33%
October	1.60%	1.63%
November	0.72%~	0.68%~
December	-7.41%•	0.32%

⌘ Past performance is not a guide to future returns
§ 'C' Shares admitted to trading on the London Stock Exchange on 20 and 23 May and 16 December 2011
† Before Deduction of Establishment Expenses
~ Returns exclude dividend declaration
• Side pocket investment reserve initiated

Performance Analysis Against Other Indices

For the period from 20 December 2011 to 31 December 2011 (rebased)



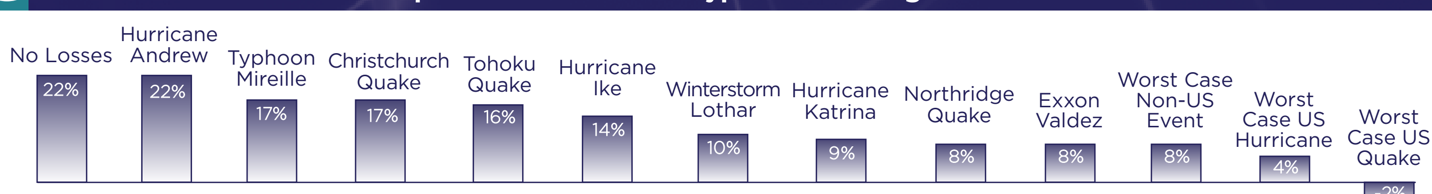
Source: Bloomberg

Event Risk at 31 December 2011

Event Risk [1]	% Exposure
1. 2nd Event[2] Protections	12%
2. US/Canada Quake	13%
3. US/Caribbean Wind	13%
4. Japan/Caribbean Quake	9%
5. Marine Non-Elemental	8%
6. Europe All Natural Perils	6%
7. Florida 2nd Event Wind	5%
8. Gulf of Mexico Wind	5%
9. Northeast Wind	5%
10. Rest of World	3%
11. GA to VA Wind	3%
12. Florida Wind	3%
13. US 2nd Event Wind	3%
14. US 3rd Event Wind	3%
15. Japan Wind	2%
16. CA Quake	2%
17. US Excluding CA Quake	2%
18. Europe Wind	2%
19. Japan All Natural Perils	1%

1. Not all of the 19 Event Risks listed above are fully non-correlated. However, no single event exposure is greater than 18%.
2. This 2nd event risk pillar provides additional coverage for the risk pillars 2-19, excluding 14, above at the same attachment points and in the same percentage exposure as the 1st event coverage.

Indicative returns from a repeat of historical or hypothetical single loss events at 31 December 2011



Source: CATCo Reinsurance Opportunities Fund Ltd.: This information is based on research undertaken by CATCo Investment Management Ltd. "CATCo". CATCo may change its opinions and views without prior notice. It does not constitute investment advice nor is it an invitation to invest in this company. This is purely a scenario analysis and not a forecast.

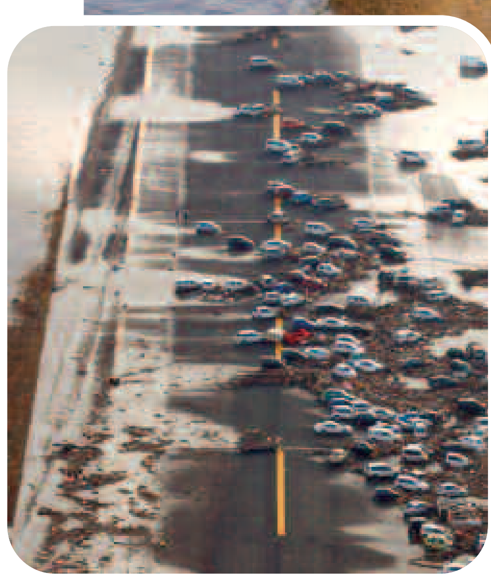
Information about the Investment Manager

Anthony Belisle

Anthony ("Tony") is the Chief Executive Officer of CATCo Investment Management Ltd. and leads the Investment Management Team. A qualified Actuary with more than 27 years' insurance and investment experience with Goldman Sachs, Citadel Investment Group, Deutsche Bank, Fidelity Investments, Sun Life of Canada and Oxygen Insurance Brokers. He has considerable experience of executing a variety of significant reinsurance contracts and structuring investment portfolios of risk for various capital markets firms. In 2002, as a result of the insurance industry legal disputes that arose in the aftermath of the World Trade Center attacks, Tony pioneered the collateralised approach to reinsurance contracts.

CATCo Reinsurance Opportunities Fund Ltd. is managed by CATCo Investment Management Ltd. ("CATCo"), an investment management firm formed in 2010. CATCo is one of the largest retrocessional reinsurance managers in the world and, at the date of this report, manages four investment funds and a Class 3 reinsurance company. Funds under the management, or advice, of CATCo exceed $1 billion. Based in Bermuda, they are one of the leading privately owned investment management firms in Bermuda.

The manager of CATCo Reinsurance Opportunities Fund Ltd.'s portfolio is Tony Belisle, who is responsible for the Company's retrocessional investments, working closely with CATCo's senior investment team comprising of Jason Bibb and Graham Wood. CATCo is authorised and regulated by the Bermuda Monetary Authority.



2011 Board of Directors

Anthony Taylor (Chairman)

Anthony has worked in the insurance industry for 46 years and is currently Non Executive Chairman of Montpelier Reinsurance Holdings Ltd. ("MRH"). From 2002 to 2009, he performed the roles for MRH, for varying periods, of Executive Chairman, President, Chief Executive Officer and Chief Underwriting Officer. From 1999 to 2001, Anthony was Chairman of Wellington Underwriting Inc (Wellington's US operation), Chairman and Underwriting Director of Wellington's Lloyds Managing Agency and Deputy Chairman of Wellington Underwriting plc. From 1983 to 1998, he served as the Active Underwriter of Syndicate 51 "A Taylor and Others", a non-marine syndicate at Lloyds, which was initially managed by Willis Faber Agencies Ltd. and, after a management buy-out, by Wellington Underwriting Agencies Ltd. of which he was a founding Director. Anthony is a Fellow of the Chartered Insurance Institute and has performed various committee and board positions for the Lloyds market. In 2010, Anthony joined the board of Hardy Underwriting Bermuda Ltd. as a Non-executive Director. He joined the Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. on 7 December 2010. Anthony has an interest of 305,057 Shares (split 110,000 Ordinary Shares and 195,057 C Shares).

From left to right: James Keyes, Anthony Taylor, Alastair Barbour

James Keyes (Management Engagement Committee Chairman)

James Keyes has been a Managing Director of Renaissance Capital since 1 October 2008 and established the Bermuda office for Renaissance Capital in 2008. Mr. Keyes was previously a partner of Appleby, the offshore law firm, for 11 years. Mr. Keyes joined Appleby in 1993 and was team leader of the Funds & Investment Services Team. Prior to Appleby, he was employed in the corporate department of the law firm Freshfields, and worked in the London, New York and Hong Kong offices. Mr. Keyes was admitted as a Solicitor in England and Wales in 1991 and to the Bermuda Bar in 1993. He became a Notary Public in 1998. He acts as a Director on a number of investment funds and private companies, including the Brummer Group and investment funds managed by Polar Capital Investments. He joined the Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. on 7 December 2010. James has an interest of 47,528 C Shares.

Alastair Barbour (Audit Committee Chairman)

Alastair Barbour is a Chartered Accountant with 25 years experience spent auditing and advising Boards of Directors and executive management of public companies and groups in the UK and internationally. Previously, he was a partner of KPMG having been with that organisation in Bermuda between 1985 and 1991 and then in the UK until his retirement in 2011. He has worked principally in the financial services industry and has extensive experience in advising on accounting, financial reporting and corporate governance matters. He is also currently a Director of RSA Insurance Group plc, Liontrust Asset Management Company plc and Standard Life European Private Equity Investment Trust plc. He joined the Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. and CATCo Reinsurance Fund Ltd. on 1 April 2011 and 1 January 2012, respectively. Alastair has an interest of 87,978 C Shares.

Directors' Report

The Board of Directors submit their Annual Report together with the results of the Company for the period from 20 December 2010 to 31 December 2011.

Business Review

Business

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is a limited liability closed-ended fund, registered and incorporated as an exempted mutual fund company in Bermuda with an indefinite life.

The Company is organised as a 'feeder fund' to invest substantially all of its assets in the CATCo Reinsurance Fund Ltd., CATCo Diversified Fund ("Master Fund"), which is a segregated account of the CATCo Reinsurance SAC, a mutual fund segregated account company of unlimited duration incorporated in Bermuda. The Investment Manager expects the Master Fund to access all of its exposure to fully collateralised Reinsurance Agreements through CATCo Re Ltd.

Investment Objective

The investment objective of the Company and the Master Fund is to give its Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in preferred shares of the Reinsurer., CATCo-Re Ltd.

The Master Fund intends to spread investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event.

The Master Fund intends that:

- no more than 20 percent of its capital will be exposed to a single catastrophic event;
- its capital will only be exposed to catastrophic events at loss levels that have not occurred more than twice in the past 40 years on a trended loss estimate basis, unless otherwise approved by the Board of Directors of the Master Fund;
- its capital will be exposed to aviation and marine (including offshore energy) losses caused by catastrophes; and
- at least 50 per cent. of its capital will be exposed to residential and commercial property losses.

At 31 December 2011, the Portfolio of Investments reflects the stated guidelines as each of the reinsurance arrangements entered into by the Reinsurer contain several non-correlated pillars of risk and provides a portfolio exposure to 19 diversified risk pillars.

When investing, the Company is prepared to move freely between different risk perils as opportunities arise. There are no limits to geographical or sector exposures, except as stated above, but these are reported to, and monitored by, the Board of Directors in order to ensure that adequate diversification is achieved. A portfolio review by the Managers is given on pages 7 and the retrocessional risk investments by geographic region held at the year end are listed on page 8.

While there is a comparative index for the purpose of measuring performance, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. A short term view is taken and there may be periods when the net asset value per share declines both in absolute terms and relative to the comparative index.

Management of Risk

The Board of Directors regularly review the major strategic risks that the Board and the Manager have identified, and against these the Board sets out the delegated controls designed to manage those risks. The principal risks facing the Company in addition to the reinsurance risks as discussed above relate to the Company's investment activities and include market price, interest rate, liquidity and credit risk. Such key risks relating to investment and strategy including for example, inappropriate asset allocation or borrowing are managed through investment policy guidelines and restrictions, and by the process of oversight at each Board meeting outlined above. Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting.

Dividend

The Company is targeting distributions on Shares by way of dividend in respect of each Fiscal Year of an amount equal to LIBOR plus 5 percent of the Net Asset Value per Share of the relevant class at the end of each Fiscal Year.

The Board recommends a final dividend of $0.051 per Ordinary and C share for the year. If approved, the recommended final dividend on the Ordinary and C Shares, the record date for these dividends was 2 December 2011 and therefore the Ordinary Shares and the C Shares went ex-dividend on 30 November 2011. It is expected that these final dividends will be paid to shareholders in March 2012.

Borrowing

The Company will not borrow for investment purposes, although it may borrow for temporary cash flow purposes such as for satisfying working capital requirements. The Master Fund will not borrow for investment or other purposes but may invest in Insurance-Linked Instruments which are themselves leveraged.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

The key performance indicators used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share on a gross, net and total return basis;
- the movement in the share price on a share price and total return basis;
- the discount; and
- the total expense ratio.

The since inception record for the net asset value and share price performance compared to the North American Property & Casualty Reinsurance Index can be found on page 9 along with the since inception record for the discount. In addition to the above, the Board of Directors also considers peer group comparative performance.

Results

The Net Asset Value total return of Ordinary Shares was 5.09% for 2011. In addition, a significant amount of capital was raised during May of 2011. These C Share investors received a Net Asset Value total return of 8.58%.

Review of the Year and Future Trends

A review of the year and the investment outlook is contained in the Chairman's Statement and the Manager's Review on pages 4-7.

Employees

The Company has no employees; its investments and operational functions are managed by CATCo Investment Management Ltd.

Policy for the Payment of Creditors

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business.

Related Party Transactions

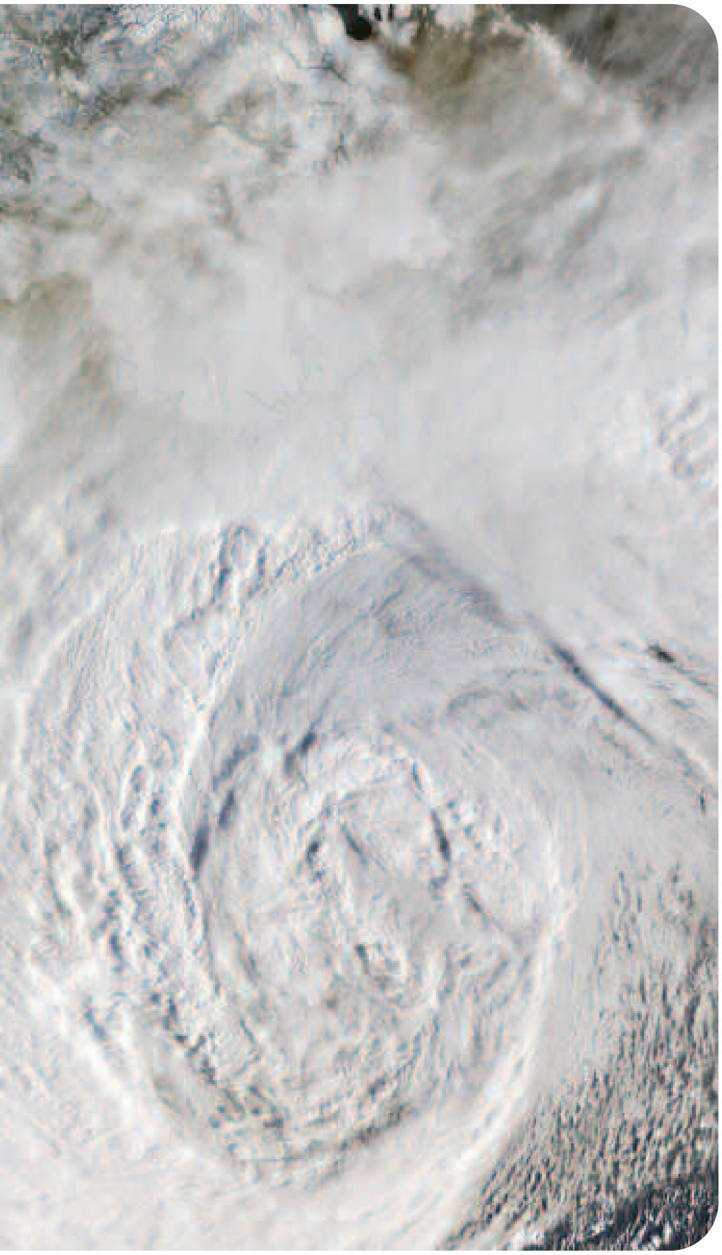
The Investment Manager of the Company is also the Investment Manager of the Master Fund and the Reinsurer.

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5% of the net asset value of the Company which is not attributable to the Company's investment in the Master Fund Shares as at the last calendar day of each calendar month. Performance fees are charged in the Master Fund.

Qatar Insurance Company, an affiliate of the Investment Manager, holds 31.4% of voting rights of the Ordinary Shares issued in the Company. In addition, the Directors of the Company are also Shareholders of the Company.

Going Concern Status

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman’s statement, Manager’s review and the Report of the Directors.



In accordance with the Financial Reporting Council’s guidance on going concern and liquidity risk issued in October 2009, the Board of Directors have undertaken a rigorous review of the Company’s ability to continue as a going concern. The Company’s assets consist of cash and a diverse portfolio of retrocessional reinsurance investments which, in most circumstances, are fully liquid at the end of their contractual term. The Board of Directors have reviewed forecasts and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future, and at least one year from the date of this annual report. Accordingly, the Directors continue to adopt the going concern basis in preparing these accounts.

Special Business at Annual General Meeting

Disapplication of Pre-emption Rights

Under the Bye-Laws of the Company, if the Directors wish to allot any of the unissued Ordinary or C Shares they must, in the first instance, offer them to existing shareholders in proportion to their shareholding.

There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary or C Shares without a pre-emptive offer to existing shareholders.

Special Resolution 9 will, if passed, give the Directors power to disapply pre-emption rights in respect of an unlimited number of shares until the Company's next annual general meeting. Shareholders last granted authority to the Directors to disapply pre-emptive rights at the special general meeting of the Company on 13 May 2011.

The Board have no current plans to utilise the authority although any issue in the future will only be exercised in circumstances where this will be in the best interests of shareholders as a whole.

The authority sought under Special Resolution 9 will expire on the conclusion of the next annual general meeting of the Company.

Authority to Make Purchases of Own Shares

Special Resolution 10, resolution, if passed, will give the Company authority to buy back its own shares, both Ordinary Shares and C Shares as permitted and in accordance with its Bye-Laws and the Companies Act 1981 (as amended). This authority will limit the number of Ordinary and C Shares that may be purchased up to 14.99 percent. of the respective classes of shares in issue as at the date of this Special Resolution and sets the maximum prices that can be paid.

The authority will only be exercised if the Directors believe that to do so would result in an increase in the Net Asset Value per share for the remaining shareholders and would be in the interest of the shareholders generally. Any buy-back will also be made within the additional guidelines established from time to time by the Board. If this authority were to be exercised, the shares repurchased would be cancelled. At present, the Board have no current intention of utilising this authority.

This resolution is conditional on the passing of special resolution 1 by the C Shareholders at a special general meeting of the C Shareholders on 6 March 2012, as set out in the notice to C Shareholders dated 30 January 2012. If passed, it will expire on the conclusion of the next annual general meeting.

Increase in Limit on Remuneration of Directors

Special Resolution 11 deals with the proposed increase in aggregate remuneration of the Directors in each year. The Company is currently permitted under Bye-Law 49 to pay a maximum of $150,000 in each year. This figure was set when the Company adopted the Bye-Laws in December 2010. Since then, we have added another board member and listed on the Specialist Funds Market in London and the Bermuda Stock Exchange. The Board believes that this figure should be increased to $250,000 to ensure that the Company can continue to pay remuneration that is competitive and fully reflects the commitment and the responsibilities of the Directors and to ensure that the Company is not unduly restricted when it seeks to appoint additional Directors in the future.

This Special Resolution is conditional on the passing of special resolution 2 by the C Shareholders at a special general meeting of the C Shareholders on 6 March 2012, as set out in the notice to C Shareholders dated 30 January 2012.

Directors' Remuneration Report

The Directors are required to prepare an annual report detailing the remuneration of the Directors and to seek shareholder approval of its contents. The remuneration report is set out on pages 26 to 27 of the Annual Report.

Director	At 31 December 2011		At date of appointment	
	Ordinary shares	C shares	Ordinary shares	C shares
A Taylor	110,000	195,057	-	-
J Keyes	-	47,528	-	-
A Barbour*	-	87,978	-	-

*appointed a Director on 1 April 2011

Anthony Taylor
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
30 January 2012

Statement of Corporate Governance

The Company is domiciled in Bermuda which has no corporate governance regime equivalent to the UK Corporate Governance Code published by the Financial Reporting Council. However, since launch the Company has become a member of the Association of Investment Companies ("AIC") and is classified within the Specialist: Reinsurance Sector.

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in May 2010 (the "Governance Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk.

The AIC has also published a Code of Corporate Governance ("AIC Code") and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. This is a comprehensive guide on corporate governance which describes the relevance and applicability of each recommendation of the UK Corporate Governance Code to investment companies and documents how the AIC Code translates the UK Corporate Governance Code into a framework suitable for the industry's unique structure.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide will provide better information to shareholders.

Application of the Principles of the Codes

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Governance Code, except the Governance Code provisions relating to:

- The role of the Chief Executive (A.1.2)
- Executive Directors' remuneration (B.2.1 and B.2.2)
- The need for an internal audit function (C.3.5)

For the reasons set out in the AIC Guide and in the preamble to the Governance Code, the Board considers these provisions are not relevant to the position of CATCo Reinsurance Opportunities Fund Ltd., being an externally-managed investment company. The Company has, therefore, not reported further in respect of these provisions. The Board of Directors are committed to high standards of corporate governance and have put in place a framework for corporate governance, which they believe is appropriate for the Company.

The Board

The Board sets the Company's values and objectives, and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the exercise of the Company's voting rights in relation to its interest in the CATCo Reinsurance Fund Ltd.;
- the monitoring of the business activities of the Company, ranging from analysis of investment performance to annual budgeting and quarterly forecasting and variance analysis;
- Companies Act requirements, such as the approval of the interim and annual Financial Statements, and approval and recommendation of the dividend;
- setting the parameters for any borrowing by the Company (noting that the Company will not borrow for investment purposes);
- major changes relating to the Company's structure, including share issues;
- Board appointments and removals and the related terms;
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements;
- terms of reference and membership of Board Committees; and
- Stock Exchange/UK Listing Authority/Financial Services Authority – approval of all circulars and listing particulars, and approval of all releases concerning matters decided by the Board of Directors.

The Board currently consists of three non-executive Directors. The names and biographies of those Directors who held office at the date of this Annual Report appear on pages 12-13, and indicate their range of investment, industrial, commercial and professional experience.

The Board has assessed the independence of the Directors against the criteria set out in the Codes, and has concluded that they are all independent of the investment manager ("CATCo Investment Management Ltd." or the "Manager"), and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct. The Chairman was considered to be independent on his appointment.

The AIC Code states that the test of independence continues to be appropriate and, consequently, the Board of Directors will follow the AIC Code. The Board of Directors are satisfied that Mr Taylor continues to have the appropriate independence to remain in this role.

The election of Alastair Barbour and re-election of James Keyes was considered and approved by the Board of Directors as a whole acting as the Nomination Committee (the relevant Directors absenting themselves from the discussion). The continuing independent and objective judgement of the Director was confirmed in the annual Board performance and evaluation process. The Board evaluation process also confirmed that the performance of the Directors standing for election and re-election continued to be effective and that they continued to demonstrate commitment in their roles.

Director's Attendance at Meetings Since 20 December 2010 to 31 December 2011

Director	Scheduled Board Meetings Attended	Special purpose Board Meetings Attended	Audit Committee Meetings Attended
A Taylor	3/3	18/18	1/1
J Keyes	3/3	18/18	1/1
A Barbour*	3/3	13/14*	1/1

*appointed a Director on 1 April 2011

Between meetings, the Board of Directors maintains regular contact with the Manager. The primary focus at regular Board meetings is the review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues.

In order to enable the Board of Directors to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. Directors have made further enquiries where necessary.

There is an agreed procedure for the Board of Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board:

- for ensuring that Board procedures are complied with under the direction of the Chairman, for ensuring good information flows with the Board and its committees, as well as facilitating induction and assisting with professional development as required; and
- for advising through the Chairman on all corporate governance matters.

When a Director is appointed, an induction process is arranged by the Manager. This involves an induction meeting which covers details about the Company, its Manager, legal responsibilities and the investment sector within which the Company operates. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board of Directors as they arise.

The Board has a formal process for the consideration and authorisation by the Board of Directors' reported actual and potential conflicts of interest at each Board meeting. In accordance with the Company's Bye-Laws and relevant legislation, each Director abstains from approval of their own position.

The Board of Directors and its Committees have undertaken their annual performance evaluation, using discussion, to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board of Directors and Committees, and to consider each Director's independence. The Chairman has also been evaluated by his fellow Directors. The Board considers that none of his other commitments (set out on page 12 of this Report) interfere with the discharge of his responsibilities to the Company, and is satisfied that he makes sufficient time available to serve the Company effectively. There have been no significant changes to the Chairman's other commitments during the year.

External Agencies

The Board of Directors has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio; the Trustee services (which include the safeguarding of the assets); the registration and depository services; and the day-to-day accounting and administration functions. Each of these contracts was entered into after full and proper consideration by the Board of Directors of the quality and cost of services offered, in so far as they relate to the affairs of the Company. The Board of Directors receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board of Directors as requested.

Committees

Nomination Committee

No Nomination Committee has been established. The Board of Directors considers its size to be such that it would be unnecessarily burdensome to establish a separate nomination committee. As the Board consists entirely of independent Directors, the function of a nomination committee is therefore carried out by the Board as a whole. Where the Board of Directors are dealing with the appointment of a successor to the chairmanship, the meeting will be chaired by another Director.

In considering the appointment of a new Director, the Board of Directors ensures that it continues to have the right balance of skills, diversity, experience, age and length of service. It may use the professional services of a search consultant to identify suitable candidates for review by the Board. The Board of Directors will consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

Audit Committee

An Audit Committee has been established and comprises all of the independent Directors including the Company Chairman. The Board considers it appropriate that the Company Chairman is a member of the Audit Committee, although he may not chair it, provided that he is considered by the Board to be independent, as is currently the case. Mr Barbour, a chartered accountant, with recent financial experience, is the Chairman of the Audit Committee. The terms of reference of the Audit Committee, which are available on request and are reviewed and re-assessed for their adequacy on an annual basis. The Committee considers Ernst & Young Ltd., the Company's auditor, to be independent of the Company. No non-audit services which might impact their independence were carried out by Ernst & Young Ltd. during the year.

The matters considered by the Committee during the year included:

- the review of the effectiveness of the internal control environment of the Company – to assist in this the Committee received reports from the Manager and external auditor on a regular basis;
- the review of the interim and annual Financial Reports;
- the review of the terms of appointment of the auditor together with their remuneration, as well as the non-audit services provided by the auditor (if applicable);
- the review of the scope and the results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees (it should be noted that the auditor, Ernst & Young Ltd., rotates the partner responsible for the audit every five years);
- the review of the auditor's management letter and the management response; and
- meetings with representatives of the Manager.

Management Engagement Committee

As recommended by the AIC Code, a Management Engagement Committee has been established, comprising the full Board. The Chairman of the Committee is Mr Keyes. The Committee meets once annually in order to review matters concerning the management agreement which exists with CATCo Investment Management Ltd. The Master Fund will pay monthly in arrears to the Manager a management fee (the "Management Fee") equal to 1/12 of 1.5% of the Net Asset Value of the Company's Master Fund Shares as of the last calendar day of each calendar month as such Net Asset Value is calculated prior to any accrual for or payment of any Management Fee or Performance Fee.

Performance Fee

The Master Fund will pay a fee to the Manager in respect of the Company's Master Fund Shares based on performance (the "Performance Fee") at the end of each calendar year and upon redemptions, dividends and the winding up of the Master Fund (each, a "Performance Period") equal to 10% of any New Net Income attributable to the Company's Master Fund Shares (after reduction for the pro rata share of Management Fees, organisational expenses, transactional and other expenses allocable to the Company's Master Fund Shares), provided that no Performance Fee will be payable in a Performance Period unless the Performance Trigger has been reached.

There was one meeting of the Committee during the year which was attended by all the Committee members.

Remuneration Committee and Directors' Remuneration

Under the UK Listing Authority's Listing Rule 15.6.6, where an investment company has only non-executive directors, the Governance Code principles relating to Directors' remuneration do not apply. The Board of Directors, therefore, as a whole, performs the function of a Remuneration Committee.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pags 26-27.

Directors' Terms of Appointment

All non-executive Directors are appointed subject to re-appointment in accordance with the existing Bye-Laws of the Company. The Bye-Laws provide that Directors are subject to election at the first annual general meeting following their appointment by the Board of Directors. Pursuant to a resolution of the sole shareholder on 16 December 2010, at each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire from office. The Directors to retire by rotation each year shall be those who have been longest in office since their last appointment or reappointment but as between Directors who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment and shall, if he is not reappointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the dissolution of such meeting. The Board have adopted a policy that no Director may serve for more than three years without retiring and standing for re-appointment.

Policy on Tenure

The Board of Director's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis.

Accountability and Audit

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 25 and the Statement of Going Concern is included in the Directors' Report on page 16. The Independent Auditor's Report is on page 28.

Communication with Shareholders

The Company places a great deal of importance on communication with its shareholders. The Manager, accompanied occasionally by the Chairman, has an annual programme of meetings with institutional shareholders, and reports back to the Board of Directors on these meetings.

As required by the Governance Code, the Annual Report is posted to shareholders at least twenty business days before the Annual General Meeting.

The Notice of Meetings on page 46 and 50 sets out the business of the meeting and the resolutions.

Separate resolutions are proposed for each substantive issue.

The Board of Directors are very conscious that the Annual General Meeting is an event at which all shareholders are encouraged to attend and participate. The Manager makes a presentation to the meeting outlining the key investment issues that affect the Company. All shareholders have the opportunity to put questions at the Annual General Meeting. The number of proxy votes is relayed to shareholders at the Annual General Meeting after each resolution has been dealt with on a show of hands, and details are available on request.

The Company's reports and other publications can be downloaded from the Manager's website, www.catcoim.com.

Substantial Interests

At 30 January 2012, the following interests in the issued Ordinary and C share capital of the Company have been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules:

Shareholder	Number of Shares Held		% Held in Share Class		Total
	Ordinary Shares	C Shares	Ordinary Shares	C Shares	ISC
M&G Investment Management	-	49,942,964	-	20.5%	15.1%
Baillie Gifford	8,764,199	23,018,972	10%	9.4%	9.6%
Qatar Insurance Company	27,500,000	-	31.4%	-	8.3%
Cazenove Capital Management	-	20,798,638	-	8.5%	6.3%
Premier Asset Management	-	19,333,286	-	7.9%	5.8%
F&C Asset Management	-	18,230,000	-	7.5%	5.5%
Henderson Global Investors	17,525,455	-	20.0%	-	5.3%
Co-operative Asset Management	17,508,300	- -	20.0%	-	5.3%
JP Morgan Asset Management	6,866,000	-	7.8%	-	2.1%

Internal Control

The Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board of Directors.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. The Manager provides regular reports to the Board on the operation of their internal control system.

Risk is considered in the context of the FRC guidance, and includes financial, operational, reputational, and market risk. Any weaknesses identified are reported to the Board of Directors, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board of Directors.

The key components designed to provide effective internal control for the year under review and up to the date of this Annual Report are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance
- the Board and the Manager have agreed a clearly-defined investment policy, any material change to which requires the approval of the Company's shareholders by way of Ordinary resolution. Reports on the performance of the Company and Master Fund, including risk analyses and investment valuations, are regularly submitted to the Board. The investment objectives, policies and restrictions of the Master Fund may not be amended without the prior consent of the Company.
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers
- at its Board meetings, the Board carries out an assessment of internal controls by considering documentation, including risk and compliance reports, from the Manager, taking account of events since the relevant period end.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the need for an internal audit function, and has decided that the systems and procedures employed by the Manager provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function is therefore considered unnecessary.

Proxy Voting and Stewardship

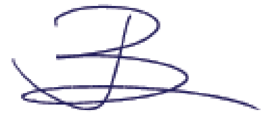
The FRC published "the UK Stewardship Code" for institutional shareholders on 2 July 2010. The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board of Directors has delegated responsibility for actively monitoring the activities and performance of the Company and Master Fund to the Manager, on which the Manager regularly reports to the Board of Directors. The Board has reserved to itself the exercise of the Company's voting rights in relation to the Master Fund.

Socially Responsible Investment Policy

The Board of Directors considers that the Company has no direct social, environmental or community responsibilities.

By order of the Board of Directors



Jason Bibb
Company Secretary, Director and Chief Operating Officer
CATCo Investment Management Ltd.
30 January 2012

Directors' Responsibilities in Respect of the Financial Statements

The Board of Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Board of Directors have elected to prepare the financial statements in accordance with US Generally Accepted Accounting Principles ("US GAAP"). The financial statements are required by the Companies Act to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Board of Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to disclose the Company's transactions and that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Bermuda Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements will be published on the www.catcoim.com website, which is maintained by the Manager. The maintenance and integrity of the website maintained by CATCo Investment Management Ltd. is, so far as it relates to the Company, the responsibility of CATCo Investment Management Ltd.

The Board of Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Manager's website. Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Chapter 4 of the Disclosure and Transparency Rules, and to the best of their knowledge, each Director of CATCo Reinsurance Opportunities Fund Ltd. confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. Furthermore, each Director certifies that the report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

Alastair Barbour
Chairman of the Audit Committee
30 January 2012

Directors' Remuneration Report

Directors' Emoluments for the Year

The Directors who served during the year received the following emoluments in the form of fees:

From 20 December 2010 to 31 December 2012

Director	(US dollars)
Anthony Taylor	$ 50,000
James Keyes	$ 32,500
Alastair Barbour	$ 28,750

An ordinary resolution for the approval of this report will be put to the members at the forthcoming annual general meeting.

Policy on Directors' Fees

As the Board is composed wholly of Non-executive Directors, it is exempt under the Listing Rules from appointing a remuneration committee. The Board as a whole considers Directors' remuneration. The board has appointed the Managers, CATCo Investment Management Ltd., to provide information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment companies that are similar in size, have a similar capital structure and have similar investment objectives. It is intended that this policy will continue for the year ending 31 December 2012 and subsequent years. The fees for the Non-executive Directors are determined within the limits set out in the Company's Bye-Laws.

Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The Board as a whole carried out a review of the level of Directors' fees during the year. It was agreed on 10 August 2011 that the Chairman would receive $40,000 per annum, each Director would receive $25,000 per annum and the Chairmen of the audit and management engagement committees would receive $5,000 per annum going forward, with the increase taking effect from 1 June 2011. All Directors receive an attendance allowance of $5,000 per meeting attended. All Directors were members of the Board at the time of the review.

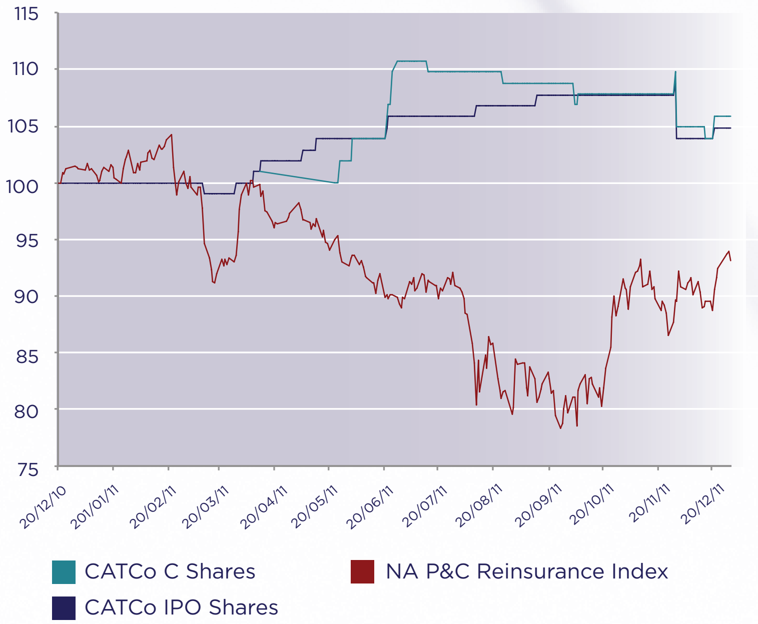
Directors' Service Contracts

Directors do not have a service contract but are provided with letters of appointment.
At each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire from office. The Directors to retire by rotation each year shall be those who have been longest in office since their last appointment or reappointment but as between Directors who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment and shall, if he is not re-appointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the dissolution of such meeting. The Board have adopted a policy that no Director may serve for more than three years without retiring and standing for re-appointment. There is no notice period and no provision for compensation upon early termination of appointment.

Company Performance

The graph below compares, for the period from 20 December 2010 to 31 December 2011, the share price return of Ordinary and C shareholders compared to the share price return on the North American P&C Reinsurance index. This index was chosen for comparison purposes only, and it is not a benchmark used for investment performance measurement.

For the period from 20 December 2011 to 31 December 2011 (rebased)



Source: Bloomberg

Approval

The Directors' remuneration report was approved by the Board of Directors on 30 January 2012 and signed on its behalf by

Anthony Taylor
Chairman
30 January 2012

Independent Auditors' Report

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF

CATCo REINSURANCE OPPORTUNITIES FUND LTD.

We have audited the accompanying statement of assets and liabilities of CATCo Reinsurance Opportunities Fund Ltd. (the "Fund") as of 31 December 2011, and the related statements of operations, changes in net assets and cash flows for the period 20 December 2010 (commencement of operations) to 31 December 2011. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CATCo Reinsurance Opportunities Fund Ltd. at 31 December 2011, and the results of its operations, the changes in its net assets and its cash flows for the period 20 December 2010 (commencement of operations) to 31 December 2011 in conformity with accounting principles generally accepted in the United States of America.

Ernst + Young Ltd.

Hamilton, Bermuda

30 January 2012

Statement of Assets & Liabilities

(Expressed in United States Dollars)	31 December 2011
Assets	
Investment in CATCo Reinsurance Fund Ltd.	
- CATCo Diversified Fund, at fair value (cost $206,435,090)	$ 227,981,444
Cash and cash equivalents	123,194,026
Other assets	7,260
Total assets	351,182,730
Liabilities	
Dividend payable	10,859,876
Accrued expenses and other liabilities	456,858
Management fee payable	72,184
Total liabilities	11,388,918
Net assets	$ 339,793,812
NAV per Share (See note 6)	

See accompanying notes to financial statements

Statement of Operations

Period from 20 December 2010 (commencement of operations) to 31 December 2011

(Expressed in United States Dollars)

Net investment loss allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	
Performance fee	$ (2,739,375)
Management fee	(2,537,082)
Professional fees and other	(185,807)
Administrative fee	(177,249)
Miscellaneous expenses	(48,469)
Total net investment loss allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(5,687,982)
Fund investment income	
Interest	515
Fund expenses	
Professional fees and other	(617,174)
Management fee	(145,142)
Administrative fee	(33,000)
Total Fund expenses	(795,316)
Net investment loss	(6,482,783)
Net realised and net change in unrealised gain on securities allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	
Net realised gain (loss) on securities	-
Net change in unrealised gain on securities	27,234,336
Net gain on investments	27,234,336
Net increase in net assets resulting from operations	$ 20,751,553

See accompanying notes to financial statements

Statement of Changes in Net Assets

Period from 20 December 2010 (commencement of operations) to 31 December 2011

(Expressed in United States Dollars)

Operations	
Net investment loss	$ (6,482,783)
Net realised gain (loss) on securities	-
Net change in unrealised gain on securities	27,234,336
Net increase in net assets resulting from operations	20,751,553
Capital share transactions	
Issuance of shares	338,047,487
Dividend declared	(10,859,876)
Offering costs	(8,145,352)
Net change in net assets resulting from capital share transactions	319,042,259
Net change in net assets	339,793,812
Net assets, beginning of period	-
Net assets, end of period	$ 339,793,812

See accompanying notes to financial statements

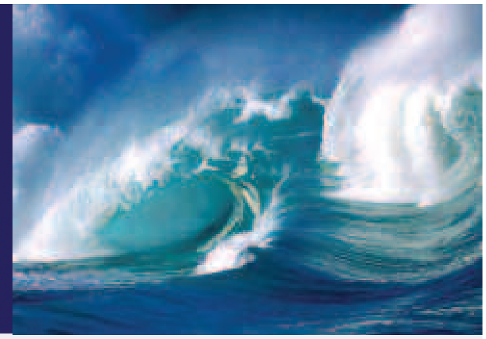
Statement of Cash Flows

Period from 20 December 2010 (commencement of operations) to 31 December 2011

(Expressed in United States Dollars)

Cash flows from operating activities	
Net increase in net assets resulting from operations	$ 20,751,553
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Net investment loss, net realised gain (loss) and net change in unrealised gain on securities allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(21,546,354)
Changes in operating assets and liabilities:	
Purchase of investment in CATCo Reinsurance Fund Ltd.- CATCo Diversified Fund	(206,435,090)
Other assets	(7,260)
Accrued expenses and other liabilities	456,858
Management fee payable	72,184
Net cash used in operating activities	(206,708,109)
Cash flows from financing activities	
Proceeds from issuance of shares	338,047,487
Offering costs	(8,145,352)
Net cash provided by financing activities	329,902,135
Net change in cash	123,194,026
Cash, beginning of period	-
Cash, end of period	$ 123,194,026

See accompanying notes to financial statements



Notes to Financial Statements
31 December 2011

(Expressed in United States Dollars)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

CATCo Reinsurance Opportunities Fund Ltd. (the "Fund") is a closed-ended fund, registered and incorporated as an exempted mutual fund company in Bermuda on 30 November 2010 and commenced operations on 20 December 2010. The Fund was organised as a feeder fund to invest substantially all of its assets in CATCo Diversified Fund (the "Master Fund"). The Master Fund is a segregated account of CATCo Reinsurance Fund Ltd. a mutual fund company incorporated in Bermuda and registered as a segregated account company under the Segregated Accounts Company Act 2000, as amended (the "SAC Act"). The Master Fund will establish a separate account for each class of shares comprised in each segregated account (each, an "account"). Each account is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies and overseen by the Investment Manager. Pursuant to an investment management agreement, the Fund is managed by CATCo Investment Management Ltd. (the "Investment Manager"). Refer to the Fund's prospectus for more information.

The Fund's Shares are listed and traded on the Specialist Fund Market ("SFM"), a market operated by the London Stock Exchange. The Fund's Shares are also listed on the Bermuda Stock Exchange following the Secondary Listing on 20 May 2011.

The objective of the Master Fund is to give the shareholders the opportunity to participate in the investment returns of various insurance-based instruments, including preferred shares through which the Master Fund would be exposed to reinsurance risk, insurance-linked securities (such as notes, swaps and other derivatives), and other financial instruments. All of the Master Fund's exposure to reinsurance risk is obtained through its investment (via preferred shares) in CATCo-Re Ltd. (the "Reinsurer"). The Fund's ownership is greater than 50% of the Master Fund at 31 December 2011.

The Reinsurer is a Bermuda licensed Class 3 reinsurance company, registered as a segregated accounts company under the SAC Act, through which the Master Fund accesses all of its reinsurance risk exposure. The Reinsurer will form a segregated account that corresponds solely to the Master Fund's investment in the Reinsurer with respect to each particular reinsurance agreement.

The Reinsurer focuses primarily on property catastrophe insurance and may be exposed to losses arising from hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions, marine accidents and other perils.

The financial statements of the Fund should be read and considered in conjunction with the annual audited financial statements of the Master Fund.

Basis of Presentation

The financial statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash and have original maturities of three months or less.

Valuation of Investment in CATCo Diversified Fund ("Master Fund")

The Fund records its investment in the Master Fund at fair value. Valuation of investments held by the Master Fund, including, but not limited to the valuation techniques used and classification within the fair value hierarchy of investments held are discussed as follows.

1. Nature of Operations and Summary of Significant Accounting Policies Continued

Fair Value - Definition and Hierarchy (Master Fund)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Master Fund uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximises the use of observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Master Fund. Unobservable inputs reflect the Master Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorised into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Master Fund has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Master Fund in determining fair value is greatest for investments categorised in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Master Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Master Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

During 2010, the Master Fund adopted Accounting Standard Update ("ASU") No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements", which provides guidance on how investment assets and liabilities are to be valued and disclosed. The adoption of this pronouncement did not have a material impact on the Master Fund's financial statements.

In May 2011, the Financial Accounting Standard Board ("FASB") issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", which expands on current guidance relating to valuation methodologies for investments that are categorised within level 3 of the fair value hierarchy. The amendments are effective during interim and annual periods beginning after 15 December 2011. The Investment Manager is evaluating the impact of this update on its current disclosures.

Fair Value - Valuation Techniques and Inputs

Investments in Securities (Master Fund)

The value of preferred shares issued by the Reinsurer and subscribed for by the Master Fund and held with respect to a reinsurance agreement will equal:

(i) the amount of capital invested in such preferred shares; plus

(ii) the amount of Earned Premium (as described below) that has been earned period-to-date for such contract; plus

(iii) the amount of the investment earnings earned to date on both the capital invested in such preferred shares and the associated reinsurance premiums in respect of such contract; minus

(iv) the amount of any loss estimates associated with potential claims triggering Covered Events (see "Covered Event Estimates" below).

The value of preferred shares issued by the Reinsurer will also recognise expenses which are directly attributable to the Master Fund as a result of the Reinsurer conducting reinsurance activities that inure to the benefit or detriment of the Master Fund.

Investments in Securities held by the Reinsurer

Industry Loss Warranties ("ILWs")

ILWs will be marked similar to preferred shares held with respect to reinsurance agreements, except that following a Covered Event, loss information from the index provider on the trade will be used.

Insurance-Linked Securities ("ILS")

Cat Bonds and other ILS will be valued at the average of the bids from the pricing sheets or indicative bids provided by at least two broker-dealers or other market makers.

Risk Transfer Derivative Agreements

Risk transfer derivative agreements will be marked similar to ILWs except that following a Covered Event, loss information provided by the Investment Manager or the counterparty will be used.

Earned Premiums

Premiums shall be considered earned with respect to computing the Master Fund's Net Asset Value in direct proportion to the percentage of the risk that is deemed to have expired year-to-date. Generally, all premiums shall be earned uniformly over each month of the risk period. However, for certain risks, there is a clearly demonstrable seasonality associated with these risks. Accordingly, Seasonality Factors are utilised for the establishment of certain instruments, including preferred shares relating to reinsurance agreements, ILWs and risk transfer derivative agreements, where applicable. Prior to the investment in any seasonal contract, the Investment Manager is required to produce a schedule of Seasonality Factors, which will govern the income recognition and related Market Value Price for such seasonal contract in the absence of a Covered Event. The Investment Manager may rely on catastrophe modeling software, historical catastrophe loss information or other information sources it deems reliable to produce the Seasonality Factors for each seasonal contract.

Covered Event Estimates

The Investment Manager provides monthly loss estimates for all incurred loss events ("Covered Events") potentially affecting investments relating to a reinsurance agreement of the Reinsurer. As the Reinsurer's reinsurance agreements are fully collateralised, any loss estimates above the contractual thresholds as contained in the reinsurance agreements will require capital to be held in a continuing Reinsurance Trust Account with respect to the maximum contract exposure with respect to the applicable Covered Event.

"Fair Value" Pricing used by the Master Fund

Any investment that cannot be reliably valued using the principles set forth above (a "Fair Value Instrument") is marked at its fair value, based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with the Administrator where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair valuation in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

1. Nature of Operations and Summary of Significant Accounting Policies Continued

The process used to estimate a fair value for an investment may include a single technique or, where appropriate, multiple valuation techniques, and may include (without limitation and in the discretion of the Investment Manager, or in the discretion of the Administrator subject to review by the Investment Manager where practicable) the consideration of one or more of the following factors (to the extent relevant): the cost of the investment to the Master Fund, a review of comparable sales (if any), a discounted cash flow analysis, an analysis of cash flow multiples, a review of third-party appraisals, other material developments in the investment (even if subsequent to the valuation date), and other factors.

For each Fair Value Instrument, the Investment Manager and/or the Administrator, may as practicable, endeavor to obtain quotes from broker-dealers that are market makers in the related asset class, counterparties, the Master Fund's prime brokers or lending agents and/or pricing services. The Investment Manager, may, but will not be required to, input pricing information into models (including models that are developed by the Investment Manager or by third parties) to determine whether the quotations accurately reflect fair value.

In addition, the Investment Manager, may in its discretion, consult with the members of the investment team to determine the appropriate valuation of an instrument or additional valuation techniques that may be helpful to such valuation.

From time to time, the Investment Manager may change its fair valuation technique as applied to any investment if the change would result in an estimate that the Investment Manager in good faith believes is more representative of fair value under the circumstances. The determination of fair value is inherently subjective in nature, and the Investment Manager has a conflict of interest in determining fair value in light of the fact that the valuation determination may affect the amount of the Investment Manager's Performance Fee.

At any given time, a substantial portion of the Master Fund's portfolio positions may be valued by the Investment Manager using the Fair Value Pricing policies. Prices assigned to portfolio positions by the Administrator or the Investment Manager may not necessarily conform to the prices assigned to the same financial instruments if held by other accounts or by affiliates of the Investment Manager.

The Board of Directors of the Master Fund (the "Board"), in consultation with the Investment Manager, may classify certain Insurance-Linked Instruments as investments in which only persons which are Shareholders at the time of such classification can participate ("Side Pocket Investments"). This typically will happen if a Covered Event has recently occurred or seems likely to occur under an Insurance-Linked Instrument, because determining the level of losses once a Covered Event has occurred under an Insurance-Linked Instrument is often both a highly uncertain and a protracted process. Side Pocket Investments are valued in the Statement of Assets and Liabilities at their fair value as determined in good faith by the Board of Directors following consultation with the Investment Manager.

Financial Instruments

The fair values of the Fund's assets and liabilities, which qualify as financial instruments under ASC 825, Financial Instruments, approximate the carrying amounts presented in the statement of assets and liabilities.

Investment Transactions and Related Investment Income and Expense

The Fund records its proportionate share of the Master Fund's income, expenses, and realised and changes in unrealised gains and losses on a monthly basis. In addition, the Fund incurs and accrues its own income and expenses.

Investment transactions of the Master Fund are accounted for on a trade-date basis. Realised gains or losses on the sale of investments are calculated using the specific identification method of accounting. Interest is recognised on the accrual basis.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into United States dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

The Fund does not isolate the portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included in net gain (loss) on investments in the statement of operations.

Income Taxes

Under the laws of Bermuda, the Fund is generally not subject to income taxes, until 31 March 2035. However, certain United States dividend income and interest income may be subject to a 30% withholding tax. Further, certain United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

The Fund is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognised is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realised upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognised results in the Fund recording a tax liability that reduces ending net assets. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognised tax benefits as of 31 December 2011. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Fund recognises interest and penalties related to unrecognised tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognised as of and for the period ended 31 December 2011.

Generally, the Fund is subject to income tax examinations by major taxing authorities for all tax years since its inception.

The Fund may be subject to potential examination by U.S. federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal or foreign tax laws.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Fund's management to make estimates and assumptions that affect the amounts disclosed in the financial statements and accompany notes. Actual results could differ from those estimates.

Offering costs

The costs associated with each capital raise are expensed as incurred.

2. Schedule of the Fund's Share of the Investments Held in the Master Fund and Fair Value Measurements

The following table reflects the Fund's proportionate share of the market value of investments in the Reinsurer held by the Master Fund at 31 December 2011.

Investment in securities, at fair value	Fair Value
Preferred Shares - Investments in CATCo-Re Ltd.	
Class A Preferred Shares	$ 26,123,929
Class B Preferred Shares	6,573,657
Class C Preferred Shares	31,889,016
Class D Preferred Shares	21,494,602
Class E Preferred Shares	16,077,344
Class F Preferred Shares	34,447,557
Class G Preferred Shares	10,124,083
Class H Preferred Shares	22,008,743
Class I Preferred Shares	5,288,068
Class J Preferred Shares	43,356,315
Class K Preferred Shares	24,881
Class L Preferred Shares	-
Class SP Preferred Shares	10,573,249
Total Investments in CATCo-Re Ltd.	**$ 227,981,444**

2. *Schedule of the Fund's Share of the Investments Held in the Master Fund and Fair Value Measurements Continued*

The Fund's assets and liabilities recorded at fair value have been categorised based upon a fair value hierarchy as described in the Fund's significant accounting policies in Note 1. The following table presents information about the Fund's assets measured at fair value as of 31 December 2011:

	Level 1	Level 2	Level 3	Total
Assets (at fair value)				
Investments in securities				
Preferred shares	$ -	$ -	$ 227,981,444	$ 227,981,444
Total investments in securities	$ -	$ -	$ 227,981,444	$ 227,981,444

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements in their entirety. See Note 1 for additional information related to the fair value hierarchy and valuation techniques and inputs. All transfers are recognised by the Fund at the end of each reporting period.

There were no transfers between levels for the period ended 31 December 2011.

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Fund has classified within the Level 3 category. As a result, the unrealised gains and losses for assets and liabilities within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value for the period ended 31 December 2011 were as follows:

	Beginning Balance 20 Dec. 2010	Change in Realised & Unrealised Gains (Losses) [(a)]	Purchases	Sales	Settlements	Transfers Into Level 3	Transfers (out) of Level 3	Ending Balance 31 Dec. 2011	Change in Unrealised Gains or Securities still held at 31 Dec. 2011 [(b)]
Assets (at fair value)									
Investments in Preferred Shares	$ -	$ 21,546,354	$ 206,435,090	$ -	$ -	$ -	$ -	$ 227,981,444	$ 21,546,354

(a) Realised and change in unrealised gains are all included in net gain (loss) on securities in the statement of operations.
(b) The change in unrealised gains for the period ended 31 December 2011 for securities still held at 31 December 2011 are reflected in the net change in unrealised gains on securities in the statement of operations.

3. Concentration of Credit Risk

In the normal course of business, the Fund maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. At 31 December 2011 cash is held with HSBC Bank Bermuda Ltd. which has a credit rating of A+.

4. Concentration of Reinsurance Risk

The following table illustrates the diversified risk profile of the Reinsurer's portfolio by geography and peril, with the percentage exposure representing the relative weighting of each event risk against the Reinsurer's portfolio as a whole:

Event Risk	% Exposure	Event Risk	% Exposure
US/Canada Quake	13%	GA to VA Wind	3%
US/Caribbean Wind	13%	Florida Wind	3%
2nd Event Protections	12%	US 2nd Event Wind	3%
Japan/Caribbean Quake	9%	US 3rd Event Wind	3%
Marine Non-Elemental	8%	Japan Wind	2%
Europe All Natural Perils	6%	CA Quake	2%
Florida 2nd Event Wind	5%	US Excluding CA Quake	2%
Gulf of Mexico Wind	5%	Europe Wind	2%
Northeast Wind	5%	Japan All Natural Perils	1%
Rest of World	3%		

1. Not all of the 19 Event Risks listed are fully non-correlated. However, no single event exposure is greater than 18%.
2. This 2nd event risk pillar provides additional coverage for the risk pillars, excluding US Third event wind above, at the same attachment points and in the same percentage exposure as the 1st event coverage.

5. Loss Reserves

The reserve for unpaid losses and loss expenses recorded by the Reinsurer includes estimates for losses incurred but not reported as well as losses pending settlement.

The Reinsurer makes a provision for losses on contracts only when an event that is covered by the contract has occurred. When a potential loss event has occurred, the Reinsurer obtains and uses assessments from counterparties as a baseline, incorporating its own models and historical data regarding loss development, to determine the level of reserves required.

Future adjustments to the amounts recorded as of period-end, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Reinsurer's statement of operations in future periods when such adjustments become known. Future developments may result in losses and loss expenses materially greater or less than the reserve provided.

During 2011, the Reinsurer paid claims of $1,165,933 net of additional loss premium of $1,875,000 pertaining to the Tohoku, Japan earthquake in March 2011. At 31 December 2011, the Reinsurer established net reserves of $11,622,167 associated with the 2011 earthquakes in Christchurch, New Zealand and Tohoku, Japan.

6. Capital Share Transactions

As of 31 December 2011, the Fund has authorised capital stock of 500,000,000 unclassified shares of par value $0.0001 per share.

The Fund had an initial placing which closed on 20 December 2010 raising $80,392,000 through the issuance of 80,392,000 Ordinary Shares. On 31 March 2011 a further $7,358,750 was raised through an additional issuance of 7,250,000 Ordinary Shares. The Fund had a further placing opening on 18 May 2011 resulting in $124,446,737 being raised through the issuance of 124,446,737 C Shares on 20 May 2011 and $850,000 being raised through the issuance of 850,000 C Shares on 23 May 2011. A further $125,000,000 was raised through an additional issuance of 118,821,292 C Shares on 16 December 2011.

As of 31 December 2011, the Fund has issued 87,642,000 Class 1 Ordinary Shares and 244,118,029 Class 2 C Shares (collectively the "Shares").

Transactions in Shares during the period, and the Shares outstanding and the net asset value ("NAV") per Share as of 31 December 2011 is as follows:

	Beginning Shares	Shares Issued	Shares Redeemed	Ending Shares
Class 1 - Ordinary Shares	-	87,642,000	-	87,642,000
Class 2 - C Shares	-	244,118,029	-	244,118,029

	Beginning Shares	Amounts Issued	Amounts Redeemed	Ending Net Assets	Ending NAV Per Share
Class 1 - Ordinary Shares	$ -	$ 87,750,750	$ -	$ 87,633,736	$ 0.9999
Class 2 - C Shares	$ -	$250,296,737	$ -	$252,160,076	$ 1.0329

6. Capital Share Transactions Continued

The Fund has been established as a closed-ended fund and, as such, shareholders do not have the right to redeem their Shares. The Shares are held in trust by Capita IRG Trustees Limited (the "Depository") in accordance with the Depository Agreement between the Fund and the Depository. The Depository holds the Shares and in turn issues depository interests in respect of the underlying Shares which have the same rights and characteristics of the Shares.

The Board of Directors of the Company has the ability to issue C Shares during any period when the Master Fund has designated one or more investments as "Side Pocket Investments". This typically will happen if a covered or other pre-determined event has recently occurred or seems likely to occur under an Insurance-Linked Instrument. In such circumstances, only those Shareholders on the date that the investment has been designated as a Side Pocket Investment will participate in the potential losses and premiums attributable to such Side Pocket investment. Any Shares issues when Side Pockets exist will be as C Shares that will participate in all of the Master Fund's portfolio other than in respect of potential losses and premiums attributable to any Side Pocket Investments in existence at the time of issue. If no Side Pocket Investments are in existence at the time of proposed issue, it is expected that the Fund will issue further Ordinary Shares.

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"). Due to the uncertainty in valuing these investments and the tenure of these contracts, the Master Fund's Board has designated the Master Fund's potential NZ Exposures and Japan Exposures as a Side Pocket Investment, represented by a new Class of Shares ("SP Shares"). Accordingly, SP Shares have been issued as at 1 April 2011 to each Master Fund Shareholder by way of the conversion of a pro rata proportion of their Master Fund Class A, B and C 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 for the events that have already occurred 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 Class A, B and C Shares.

Following the realisation of the Side Pocket Investment in such circumstances, it is expected that any Class C Shares which have been issued will be converted into Ordinary Shares and will accordingly participate in any losses or premiums attributable to such Ordinary Shares.

7. Investment Management Agreement

Pursuant to the Investment Management Agreement dated 16 December 2010, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Fund and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Fund in order to implement such strategy.

8. Related Party Transactions

The Investment Manager of the Fund is also the Investment Manager of the Master Fund and the Reinsurer.

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5% of the net asset value of the Fund which is not attributable to the Fund's investment in the Master Fund Shares as at the last calendar day of each calendar month. Performance fees are charged in the Master Fund.

Qatar Insurance Company, an affiliate of the Investment Manager, holds 31.4% of voting rights of the Ordinary Shares issued in the Fund. In addition, the Directors of the Fund are also Shareholders of the Fund.

9. Administrative Fee

Prime Management Limited (the "Administrator") serves as the Fund's Administrator and performs certain administrative and clerical services on behalf of the Fund. For the provision of the service under the Administration Agreement, the Administrator receives an annual flat fee.

10. Financial Highlights

Financial highlights for the Ordinary Shares are for the period 20 December 2010 (commencement of operations) to 31 December 2011 while the C Shares are for the period 20 May 2011 to 31 December 2011 and are as follows:

	Class 1 Ordinary Shares	Class 2 C Shares
Per share operating performance		
Net asset value, beginning of period	$ 1.0000	$ 1.0000
Offering costs	(0.0231)	(0.0389)
Income (loss) from investment operations:		
Net investment loss	(0.0360)	(0.0255)
Net gain on investments	0.1086	0.1383
Total from investment operations	0.0726	0.1128
Premium	0.0014	0.0100
Dividend*	(0.0510	(0.0510)
Net asset value, end of period	$ 0.9999	$ 1.0329
Total return		
Total return before performance fee	8.82%	12.98%
Performance fee**	(1.39)	(1.29)
Total Return after performance fee	7.43%	11.69%
Ratio to average net assets		
Expenses other than performance fee	(2.15)%	(1.18)%
Performance fee**	(1.30)	(1.01)
Total expenses after performance fee	(3.45)%	(2.19)%
Net investment loss	(3.60)%	(2.55)%

The ratios to weighted average net assets are calculated for each Class of Share taken as a whole. An individual shareholders' return and ratios to weighted average net assets may vary from these amounts based on the timing of capital transactions. Returns and ratios shown above are for the period ended 31 December 2011 and have not been annualised.

* *Subject to Shareholder approval*

** *The performance fee is charged in the Master Fund*

11. Indemnifications or Warranties

In the ordinary course of its business, the Fund may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Fund. Based on its history and experience, management believes that the likelihood of such an event is remote.

12. Subsequent Events

On 1 January 2012, the Fund subscribed $110,500,000 in Class C Shares of the Master Fund.

These financial statements were approved by the Board of Directors and available for issuance on 30 January 2012. Subsequent events have been evaluated through this date.

How to Invest

in CATCo Reinsurance Opportunities Fund Ltd.

Private Client Stockbrokers

If you have a large sum to invest, you may want to contact a private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments.

Finding a Private Client Stockbroker

Visit the Association of Private Client stockbrokers and investment managers: www.apcims.co.uk

Broking Services

Execution-only brokers normally earn commission on each deal, but discretionary and advisory brokers sometimes offer a fee-based service at a pre-arranged cost.

Before approaching a stockbroker, always check that they are regulated by the Financial Services Authority:

Tel: 0845 606 9966

www.fsa.gov.uk/pages/register

Email: register@fsa.gov.uk

Checking the share price

We want to make it easy for you to follow your investment and to keep up to date with news on the Company. We publish annual and half-yearly reports each year. We know many of you want to monitor the price of your shares on a more regular basis and this appears in the Financial Times daily.

Enquiries

If you have an enquiry about CATCo Reinsurance Opportunities Fund Ltd., please get in touch.

Tel: + 1 441 531 2227

Email: Jason.bibb@catcoim.com

Mail: please refer to our address on the back page of this report

Online Stockbroking Services

A number of real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares.

These sites do not give you advice, they simply allow you to trade.

Many websites ask for a stock exchange ticker code to identify individual companies, which for CATCo Reinsurance Opportunities Fund Ltd. Ordinary Shares and C Shares are CAT.L or CATC.L, respectively.

Sites include:

Abbey Sharedealing
www.abbeysharedealing.com

AJ Bell
www.sippdeal.co.uk

Barclays Stockbrokers
www.stockbrokers.barclays.co.uk

Charles Stanley Fastrade
www.fastrade.co.uk

Hargreave Hale
www.hargreave-hale.co.uk

HSDL
www.halifax.co.uk/sharedealing

Idealing
www.idealing.com

Jarvis
www.jarvisim.co.uk

Selftrade
www.selftrade.co.uk

Sharecentre
www.share.com

Stocktrade
www.stocktrade.co.uk

TD Waterhouse
www.tdwaterhouse.co.uk

Glossary of Terms and Definitions

The share price is determined by the supply and demand for its shares in the Stock Market. This means the price can be at a discount or premium to its net asset value ("NAV").

Premium

When the share price is higher than the NAV per share, the shares are trading at a premium (shown as a percentage).

Discount

When the share price is lower than the NAV per share, the shares are trading at a discount (shown as a percentage). Normally a closed-ended investment company operates at a discount rather than a premium.

Net Asset Value

The total market value of the investments held less any costs or borrowings.

NAV Per Share

The net asset value divided by the number of shares in issue.

Share Buybacks

CATCo Reinsurance Opportunities Fund Ltd. has the option to buy back its own shares and cancel them if the Directors think this will benefit the Company especially if the share price is at a discount to the NAV. While buybacks reduce the total NAV, the advantage is that they increase the NAV per share.

Dividend

Dividends are paid from the profits of the company. CATCo Reinsurance Opportunities Fund Ltd. expects to pay a dividend each year (March).

Borrowing

The company can borrow to fund short term liquidity needs, but not for investment purposes, at the Managers discretion

CATCo Reinsurance Opportunities Fund Ltd.
(incorporated and registered as an exempted mutual fund in Bermuda with registered number 44855)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the first Annual General Meeting of CATCo Reinsurance Opportunities Fund Ltd. (the **"Company"**) will be held at 9.30 am (local time) on 6 March 2012 at the office of CATCo Investment Management Ltd., 9 Par La Ville Road, Hamilton HM11, Bermuda for the transaction of the following business:

Ordinary Business

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1. To receive the directors' report and audited financial statements for the period from 20 December 2010 to 31 December 2011 together with the auditor's report thereon.
2. To approve the directors' remuneration report for the period ended 31 December 2011.
3. To elect Mr Alastair Barbour as a Director of the Company.
4. To re-elect Mr James Keyes as a Director of the Company.
5. To declare a final dividend of US$0.051 per ordinary share in the capital of the Company ("Ordinary Shares").
6. To declare a final dividend of US$0.051 per "C Share" in the capital of the Company.
7. To re-appoint Ernst & Young Ltd. as auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid before the shareholders.
8. To authorise the Directors of the Company (the "Directors") to determine the remuneration of the auditor.

Special Business

To consider and, if thought fit, pass the following resolutions 9, 10 and 11 as Special Resolutions:

9. THAT, in substitution for any existing authorities, the Directors be and are hereby empowered to allot equity securities (as defined in Bye-Law 5.1(a)) as if, pursuant to Bye-Law 5.6, Bye-Law 5.2 is excluded in respect of any such allotment provided that:
   (a) Bye-Law 5.2 is excluded in respect of an unlimited number of equity securities; and
   (b) such exclusion of Bye-Law 5.2 will expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution, except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.
10. THAT, subject to the passing of special resolution 1 by the holders of C Shares (the "C Shareholders") at a special general meeting of the C Shareholders on 6 March 2012 or any adjournment thereof, as set out in the notice to C Shareholders dated 30 January 2012, the Company is pursuant to Bye-Law 3.1 hereby generally and, subject as hereinafter appears, unconditionally authorised to purchase or acquire any Ordinary Shares and/or C Shares (each a "Share" and together the "Shares") in accordance with the Companies Act 1981 (as amended) on such terms and in such manner as the Directors from time to time determine, provided that:

(a) the maximum number of Ordinary Shares and C Shares hereby authorised to be purchased is the number representing up to 14.99 per cent. of the respective classes of Shares in issue as at the date of this Resolution;

(b) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (i) an amount equal to 105 per cent. of the average market value of the Ordinary Shares or C Share of the relevant class (as appropriate) for the five business days immediately preceding the day on which any such purchase is made; and (ii) the price of the last independent trade; and (iii) the highest current independent bid;

(c) the Company may make a contract or contracts to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract or contracts notwithstanding such expiry above;

(d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);

(e) any Shares so purchased shall be cancelled; and

(f) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is previously revoked, varied or renewed prior to such time.

11. THAT, subject to the passing of special resolution 2 by the C Shareholders at a Special General Meeting of the C Shareholders on 6 March 2012 or any adjournment thereof, as set out in the notice to C Shareholders dated 30 January 2012, the Bye-Laws of the Company be, and are hereby, amended by the deletion of the amount "$150,000" in Bye-Law 49 and replaced, with "$250,000".

By order of the Board
Jason Bibb
Company Secretary
CATCo Investment Management Ltd.

30 January 2012

NOTES TO THE NOTICE OF MEETING:

1. A Shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and. on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. Holders of Ordinary Shares and C Shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. As at 30 January 2012 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consists of 87,642,000 Ordinary Shares and 244,118,029 C Shares. Therefore, the total voting rights in the Company as at 30 January 2012 is 331,760,029.

FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST.

3. A Form of Proxy is enclosed for use at the Annual General Meeting. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Capita Registrars. PXS, 34 Beckenham Road. Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any even by not later than 1:30 p.m. (UK time) on 4 March 2012.
4. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the meeting should he or she so wish.
5. To have the right to attend and vote at the Annual General Meeting (and also for the purpose of calculating how many votes the Shareholder may cast on a poll), a Shareholder must first have his or her name entered in the Company's register of members on 31 December 2011 or, if the Annual General Meeting is adjourned, members registered in the register of members at 6.00 pm (Bermuda time) on the day two days prior to the adjourned meeting. Changes to entries in that register after that time shall be disregarded in determining the rights of any Shareholder to attend and vote at the Annual General Meeting.

FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST.

6. A Form of Direction is enclosed for use at the Annual General Meeting. The Form of Direction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Capita Registrars, PXS, 34 Beckenham Road. Beckenham, Kent, BR3 4TU so as to be received as soon as possible and, in any event, by not later than 1:30p.m. (UK time) on 3 March 2012.
7. In the case of joint holders of Depository Interests, a Form of Direction completed by the senior holder will be accepted to the exclusion of a Form of Direction completed by any of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of Depository interests in respect of the joint holding.
8. Depository Interest Holders wishing to attend the Annual General Meeting should contact the Depository at Capita IRG Trustees Limited, The Registry. 34 Beckenham Road, Beckenham. Kent, BR3 4TU no later than 12 p.m. (UK time) or by emailing custodymgt@capitaregistrars.com by 29 February 2012.
9. The attendance at the Annual General Meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.
10. Copies of all contracts of service and letter of appointment of Directors of the Company are available for inspection during normal business hours at the Company's registered office on any weekday except Saturdays, Sundays and public holidays, and at the place of the Annual General Meeting for a period of fifteen minutes prior to the Annual General Meeting and during the meeting.

11. Members are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting.

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID: RA10) by 1:30 p.m. on 3 March 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

14. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

CATCo Reinsurance Opportunities Fund Ltd.
(incorporated and registered as an exempted mutual fund in Bermuda with registered number 44855)

Notice of Special General Meeting of the Holders of C Shares

NOTICE IS HEREBY GIVEN that a Special General Meeting of the holders of C Shares (the "C Shareholders") in CATCo Reinsurance Opportunities Fund Ltd. (the **"Company"**) will be held at 10:00 am (local time) on 6 March 2012 at the office of CATCo Investment Management Ltd., 9 Par La Ville Road, Hamilton HM11, Bermuda for the transaction of the following business:

Special Business

To consider and, if thought fit, pass resolution 1 and 2 as special resolutions:

1. THAT, the Company is pursuant to Bye-Law 3.1 hereby generally and, subject as hereinafter appears, unconditionally authorised to purchase or acquire any ordinary share of US$0.0001 in the capital of the Company ("Ordinary Shares") and/or or C Shares in the capital of the Company ("C Shares") (each a "Share" and together the "Shares") in accordance with the Companies Act 1981 (as amended) on such terms and in such manner as the Directors from time to time determine, provided that:
   - (a) the maximum number of Ordinary Shares and C Shares hereby authorised to be purchased is the number representing up to 14.99 per cent. of the respective classes of Shares in issue as at the date of this Resolution;
   - (b) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (i) an amount equal to 105 per cent. of the average market value of the Ordinary Shares or C Share of the relevant class (as appropriate) for the five business days immediately preceding the day on which any such purchase is made; and (ii) the price of the last independent trade; and (iii) the highest current independent bid;
   - (c) the Company may make a contract or contracts to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract or contracts notwithstanding such expiry above;
   - (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);
   - (e) any Shares so purchased shall be cancelled; and
   - (f) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company, unless such authority is previously revoked, varied or renewed prior to such time; and
2. THAT, the Bye-Laws of the Company be, and are hereby, amended by the deletion of the amount "$150,000" in Bye-Law 49 and replaced, with "$250,000".

By order of the Board
Jason Bibb
Company Secretary
CATCo Investment Management Ltd.

30 January 2012

NOTES TO THE NOTICE OF MEETING:

1. A Shareholder who is entitled to attend and vote at the Special General Meeting of C Shareholders is entitled to appoint one or more proxies to attend and. on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. Holders of C Shares are entitled to attend and vote at the Special General Meeting of the C Shareholders or any adjournment thereof. As at 30 January 2012 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consists of 244,118,029 C Shares.

FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST.

3. A Form of Proxy is enclosed for use at the Special General Meeting of C Shareholders. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Capita Registrars. PXS, 34 Beckenham Road. Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any even by not later than 2 p.m. (UK time) on 4 March 2012.
4. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the meeting should he or she so wish.
5. To have the right to attend and vote at the Special General Meeting of C Shareholders (and also for the purpose of calculating how many votes the C Shareholder may cast on a poll), a C Shareholder must first have his or her name entered in the Company's register of members on 31 December 2011 or, if the Special General Meeting of C Shareholders is adjourned, members registered in the register of members at 6.00 pm (Bermuda time) on the day two days prior to the adjourned meeting. Changes to entries in that register after that time shall be disregarded in determining the rights of the C Shareholder to attend and vote at the Special General Meeting of C Shareholders.

ONLY FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST.

6. A Form of Direction is enclosed for use at the Special General Meeting of C Shareholders. The Form of Direction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Capita Registrars, PXS, 34 Beckenham Road. Beckenham, Kent, BR3 4TU so as to be received as soon as possible and, in any event, by not later than 2 p.m. (UK time) on 3 March 2012.
7. In the case of joint holders of Depository Interests, a Form of Direction completed by the senior holder will be accepted to the exclusion of a Form of Direction completed by any of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of Depository interests in respect of the joint holding.
8. Depository Interest Holders wishing to attend the Special General Meeting of C Shareholders should contact the Depository at Capita IRG Trustees Limited, The Registry. 34 Beckenham Road, Beckenham. Kent, BR3 4TU or or by emailing custodymgt@capitaregistrars.com by no later than 12 p.m. (UK time) on 29 February 2012.
9. The attendance at the Special General Meeting of C Shareholders and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.
10. C Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Special General Meeting of C Shareholders.

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID: RA10) by 2:00 p.m. on 3 March 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Key Dates

2012

January Deployment of annual retrocessional reinsurance contracts	**February** Annual results announced Annual report issued	**March** Annual General Meeting Annual dividend paid	**April**
May	**June** Half year end	**July**	**August** Half-yearly results announced Interim report issued
September	**October**	**November**	**December** Year end

List of Parties

Directors
Anthony Taylor
(Chairman)

Alastair Barbour
(Audit Committee Chairman)

James Keyes
(Management Engagement Committee Chairman)

Manager and Secretaries
CATCo Investment Management Ltd.
9 Par La Ville Road
Hamilton HM11
Bermuda
website www.catcoim.com

Authorised and regulated by the Bermuda Monetary Authority

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Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

Reinsurer
CATCo-Re Ltd.
Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

Administrators
Prime Management Limited
Mechanics Building
12 Church Street
Hamilton HM11
Bermuda

Securities Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Depository
Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent
United Kingdom BR3 4TU

Offshore Registrar
Capita Registrars (Guernsey) Limited
Longue Hougue House
Longue Hougue Lane
St. Sampsons
Guernsey GY2 4JN

Custodian
Bank of New York Mellon
One Wall Street
New York NY 10286
United States of America

Auditors
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3 Bermudiana Road
Hamilton HM11
Bermuda

UK Lawyers
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Holborn Viaduct
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United Kingdom

Bermuda Lawyers
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United States of America

The Association of Investment Companies (AIC)
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website www.theaic.co.uk

CATCo Reinsurance Opportunities Fund Ltd. is a member of the AIC (the trade body of the investment company industry).

CATCo
Investment Management Ltd.

CATCo
Reinsurance Opportunities Fund Ltd.

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