

## **Reach Oil and Gas Limited acquired by Trap Oil Group plc**

4 July 2011: Reach Oil and Gas Limited and its wholly owned subsidiaries Reach Exploration (UK) Limited and Reach Petroleum Limited (together "Reach" or "Group"), an established private UK oil and gas Group with an extensive North Sea portfolio has been acquired by Trap Oil Group plc ("Trapoil").

Based in Banchory, Aberdeenshire, Reach has interests in 14 licences governing 24 Blocks on the UK Continental Shelf ("UKCS").

Reach Exploration (North Sea) Limited, the precursor company to the Group, was formed in 2003 and was awarded licences that year in the 21st Seaward Licensing Round. Since then the Group has built an exciting portfolio of development, appraisal and exploration opportunities and has been one of the most successful applicants in recent UKCS licensing rounds and one of the most active exploration companies in the UKCS. A restructuring of Reach Exploration (North Sea) Limited led to the formation of the present Group in 2007.

Trapoil is an AIM listed oil and gas exploration and appraisal business. As part of the transaction, Reach's Exploration Director Miles Newman will become a non-executive director of Trapoil.

Commenting on the sale, Isabel Davies, Managing Director of the Reach Group, said "We are very pleased that our exploration portfolio will be taken forward by Trapoil and we are very excited about working with the team and co-venturers to develop this excellent combined pool of assets. We believe that the UKCS is a great place to explore, develop and produce hydrocarbons with many decades of activity ahead."

Alec Carstairs, Ernst & Young M&A Partner and lead financial advisor to Reach commented, "Together with Reach's shareholders, Ernst & Young is pleased to achieve this outcome. It demonstrates continued investor enthusiasm for attractive portfolios of North Sea assets, and demonstrates that notwithstanding challenges for the industry, transactions can be achieved that yield a successful outcome for both buyers and sellers."

Notes:

1. Reach Coal Seam Gas Limited is not involved in the transaction, and will continue its strategy of developing and producing coal bed methane and shale gas in the UK under its current leadership.
2. Miles Newman will become a non-executive director of Trapoil.
3. Ernst & Young provided Mergers and Acquisitions advisory and transaction tax advice to the vendors.
4. CMS Cameron McKenna LLP provided legal advice to the vendors on the transaction.
5. Henderson Loggie, Reach's auditors, provided corporate tax and accounting advice.
6. Field Fisher Waterhouse and Bond Pearce provided legal advice to Trapoil on the transaction.

Ends