

FOR IMMEDIATE RELEASE:

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**REACH EXPLORATION ANNOUNCES AWARD OF SIX BLOCKS IN UK
NORTH SEA IN THE 22nd SEAWARD LICENSING ROUND**

Yesterday the Department of Trade and Industry announced the results of the 22nd UK Seaward Licensing Round and has awarded Reach Exploration (North Sea) Limited six blocks in the North Sea.

Endeavour Energy UK Limited and Reach have been jointly awarded a Traditional Production Licence and two Promote Licences covering four blocks in the producing areas of the North Sea. Endeavour will operate these licences with 60% equity and Reach will hold 40% equity. Blocks 31/26b and 39/1b are situated in the southern part of the North Sea Central Graben and are adjacent to the Flora and Fife producing oil fields. Three prospects have been identified on 3D seismic and the group intends to drill an exploration well to evaluate the potential of this area. Block 30/23b lies to the south-west of the producing Janice, Fulmar and Clyde Fields in the North Sea Central Graben and the group has identified two potential drilling locations targeting the Fulmar Formation. Block 22/24e lies between the Skua, Egret and Heron Fields which have been developed subsea through the BP-operated ETAP system. The group will conduct reprocessing to fully address the leads identified on this block.

Premier Oil Exploration Limited and Reach have been jointly awarded two blocks. Premier will operate these Traditional Licences with 87.5% interest and Reach will hold 12.5% equity. Block 21/7b lies adjacent to Reach's current acreage Licence P1048 in the Outer Moray Firth. Block 23/22b lies immediately east of the producing Lomond gas field and contains an undeveloped oil discovery. The Joint Venture will reprocess the existing seismic data over these two blocks to evaluate the hydrocarbon potential of this area.

Isabel Davies, Reach's Managing Director, said "These blocks have added some exciting prospects and leads to our portfolio. We will drill an exploration well on Block 31/26b and are hopeful that, following our seismic reprocessing projects, we will be able to add further wells to a drilling programme for 2005-2006."

Notes to editors:

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1. Reach Exploration (North Sea) Limited is an oil and gas company focused on identifying and acquiring exploration and development opportunities in the North Sea and surrounding areas.
2. Sister company Reach Exploration Limited owns 5% equity in Premier-operated Licence P1048, covering four North Sea blocks.
3. Reach Exploration (North Sea) Limited owns 10% equity in Petro-Canada operated Licence P1084. An exploration well will be drilled on this Licence in early 2005.
4. Reach Exploration is based near Aberdeen, Scotland.
5. For further information contact Miles Newman, Exploration Director, or Mark Maclennan, Commercial/Business Development Director, on telephone number 44-1330-826503 or by email at miles@reachexploration.co.uk.