

FOR IMMEDIATE RELEASE:

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REACH EXPLORATION ANNOUNCES PETRO-CANADA TO PARTICIPATE IN EXPLORATION OF NORTH SEA LICENCE P.1084

Today Reach Exploration (North Sea) Limited announces the formation of a Licence partnership with Petro-Canada to explore for oil in UKCS North Sea part blocks 13/27a and 13/28b. These part blocks are located in the Outer Moray Firth, approximately 100km north-east of Aberdeen and lie adjacent to the Blake and Ross producing fields. The Buzzard Field is located 40km to the south-east.

Promote Licence P.1084 was awarded to Reach Exploration in 2003 by the Department of Trade and Industry as a result of a application in the 21st Licensing Round. Reach Exploration acquired pre-existing 3D seismic and identified several high potential exploration leads and appraisal opportunities to existing discoveries.

"We are delighted to welcome Petro-Canada onto the licence" said Reach Managing Director Isabel Davies. "With its strong technical and development expertise, we feel confident that Petro-Canada will maximise the potential of this prospective acreage. We are looking forward to working with them".

John Scrimgeour, North West Europe Regional Manager for Petro-Canada said "Petro-Canada is pleased to be working with Reach Exploration who have done excellent technical work to recognise a drillable prospect and several exploration leads on this Promote license acreage. This fits with Petro-Canada's international strategy to build its exploration portfolio with promising drillable acreage and demonstrates our commitment to investing in the future of the UKCS."

Petro-Canada will be assigned 90% of the equity and operatorship in the licence with Reach Exploration retaining a 10% interest. The new partnership will merge and reprocess the existing 3D seismic data and the first well is planned for 2005.

Notes to editors:

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.

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2. Sister company Reach Exploration Limited owns 5% equity in Premier-operated Licence P1048, covering four North Sea blocks.
3. Promote licences are granted by the Department of Trade and Industry to companies specialising in the application of geological and engineering skills in order to identify previously overlooked hydrocarbon potential.
4. Reach Exploration is based near Aberdeen, Scotland.
5. For further information contact Miles Newman, Exploration Director, on telephone number 44-1330-826503 or by email at miles@reachexploration.co.uk.