

5 April 2011

Rheochem Plc

NORTH SEA FARMOUT AGREEMENT WITH PGS

Rheochem Plc ("**Rheochem**" or the "**Company**") (AIM: RHEP, ASX: RHE) today announces that its 100% owned subsidiary Zeus Petroleum Limited ("**Zeus**") has entered into a Heads of Agreement with PGS Exploration (UK) limited ("**PGS**") or its designated affiliate to transfer a 40% stake in six North Sea blocks (16/8c, 3/5, 3/10c, 9/17b, 9/22b and 14/17) in return for the access to 3D seismic data and associated seismic interpretation and engineering expertise over these blocks. The agreement is subject to final contract, joint operating agreements and UK Government approval.

Haydn Gardner, Chief Executive Officer of Rheochem Plc said:

"We are delighted to have PGS as a partner and believe their proprietary seismic expertise and techniques will enhance the technical evaluation of our North Sea blocks. Once finalised, this agreement will allow us to fast track the evaluation of these blocks and we look forward to working with PGS on these exciting discoveries and prospects."

– Ends –

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