

**FORM 51-101F1**  
**STATEMENT OF RESERVES DATA**  
**AND OTHER OIL AND GAS INFORMATION**

**DATE OF STATEMENT**

This Form 51-101 F1 submitted by Primeline Energy Holdings Inc. (the "Company") is dated July 25, 2008. The information provided in this statement is effective March 31, 2008. The preparation date of the information provided in this statement is July 1, 2008.

**DISCLOSURE OF RESERVES DATA**

The Company currently has no oil and gas reserves.

**RESOURCES**

The Company's contingent and prospective resources have been evaluated by McDaniel & Associates Consultants Ltd. and are set out below.

	<u>Contingent Resources at March 31, 2008</u> <sup>(1)</sup>		
	Low Estimate <sup>(4)</sup>	Best Estimate <sup>(5)</sup>	High Estimate <sup>(6)</sup>
Total Company <sup>(2)</sup>			
Natural Gas Resources, MMcf	24,070	44,996	86,861
Condensate Resources, Mbbl	546	950	2,004
BOE Resources, Mbbl	4,558	8,449	16,481

- (1) Contingent resources were calculated deterministically.
- (2) Company Gross resources are based on a 36.75 percent working interest share of the property gross resources, assuming CNOOC exercise their right to back-in and take a 51 percent interest. See "Oil and Gas Property and License Status".
- (3) Low, best and high estimates follow the COGE Handbook Section 5 resources definitions and guidelines for contingent resources.
- (4) The low estimate reported is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation.
- (5) The best estimate is considered to be the best estimate of the quantity that will actually be recovered from the accumulation.
- (6) The high estimate is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation.

	<u>Prospective Resources at March 31, 2008</u> <sup>(2)(3)</sup>				
	Low Estimate <sup>(6)</sup>	Best Estimate <sup>(7)</sup>	High Estimate <sup>(8)</sup>	Unrisked Mean	Risked Mean
Total Company <sup>(4)</sup>					
Natural Gas Resources, MMcf	96,323	234,636	576,769	290,940	102,579
Condensate Resources, Mbbl	2,661	6,462	15,822	7,998	2,815
BOE Resources, Mbbl	18,715	45,568	111,951	56,488	19,911

- (1) Prospective resources were calculated probabilistically, but based on an arithmetic aggregation of the individual prospects.
- (2) Each prospect has its own probability of geological success.
- (3) There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.
- (4) Company Gross resources are based on a 36.75 percent working interest share of the property gross resources, assuming CNOOC exercise their right to back-in and take a 51 percent interest. See "Oil and Gas Property and License Status".
- (5) Low, best and high estimates follow the COGE Handbook Section 5 resources definitions and guidelines for prospective resources. The resource range presented above is "unrisked" meaning that it is valid in the event of successfully finding hydrocarbons in each and every prospect. In this case, the possible range of recoverable resources would likely lie in the range between the low estimate and the high estimate.
- (6) The low estimate reported is the arithmetic sum of the individual prospect P90 quantities derived from probabilistic analysis. This is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation.
- (7) The best estimate is based upon the expected value, based upon the outcome of the probabilistic analysis. This is considered to be the best estimate of the quantity that will actually be recovered from the accumulation.
- (8) The high estimate is the arithmetic sum of the individual prospect P10 quantities derived from probabilistic analysis. This is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation.

- (9) "Risky Mean" resources are calculated based on the probability of geological success applied to the best estimate shown above.

The prospective resource estimates are for 6 prospects in the vicinity of the existing discovery in an area covered by 3-D seismic. Further seismic acquisition and studies over the remainder of the block (approximately 90 percent by area) could lead to the identification of additional prospects. Therefore the prospective resources detailed above do not necessarily represent the full exploration potential of Block 25/34.

## **OIL AND GAS PROPERTY AND LICENSE STATUS**

The Company, under a Petroleum Contract with China National Offshore Oil Corp. ("CNOOC"), as amended owns exclusive rights and undertakes petroleum operations in the 7,006 sq. km Block 25/34 in the East China Sea. Primeline Energy China Ltd. ("PECL"), a wholly owned subsidiary of the Company, and Primeline Petroleum Corporation ("PPC") (Jointly as "Primeline"), an affiliated company, are jointly "Contractor(s)" under the Petroleum Contract. PECL and PPC own 75% and 25% respectively of the Contractor's interest in the Petroleum Contract. Primeline Energy Operations International Ltd. ("PEOIL"), another wholly owned subsidiary of the Company, is designated as "Operator" of the Petroleum Contract.

Pursuant to the Petroleum Contract, the Contractor will fund all the exploration expenditure during the Exploration Period and CNOOC has the right to participate in up to 51% of any commercial development by paying its pro rata share of the development costs. The Exploration Period is 7 years, divided into 3 phases of 3, 2 and 2 years. The Contractor commits to a minimum work program and budget in each exploration phase. In the first phase of the Exploration Period, the Contractor is committed to acquire at least 200 sq km of 3D seismic and drill one well, with a minimum expenditure of US\$6m. At the end of each of the first and second exploration phases, the Contractor must decide whether to enter into the next exploration phase and relinquish 25% of the remaining Contract Area, or terminate the Petroleum Contract. At the end of the third exploration phase, the Contract Area, except for any discovery that may exist in the Contract Area, is relinquished. By an Amendment Agreement dated February 18th 2008 between CNOOC, PECL and PPC, the Petroleum Contract was amended to provide that the first exploration period is for four years from the date of commencement on May 1st, 2005, provided that one of the two subsequent two-year exploration periods will be reduced by a corresponding period of one year unless otherwise agreed with CNOOC. The minimum exploration requirement for each of phases 2 and 3 is the drilling of one well to 2,500m and an expenditure of US\$5m.

The Petroleum Contract for Block 25/34 is the continuation of the Company's activities in the Lishui Basin in the East China Sea under a previous Petroleum Contract for Block 32/32. On February 28, 2005, the Petroleum Contract for Block 32/32 officially expired and Primeline applied to terminate the Contract whilst negotiating a new contract with CNOOC. The Petroleum Contract for Block 25/34 was signed on March 24, 2005 in the People's Great Hall in Beijing. Subsequently, the Contract was ratified by Ministry of Commerce of China on 22nd April 2005 and became effective on 1st May 2005. The Amendment Agreement was effective as of its date. The phase one exploration period will expire on 30th April 2009, otherwise, the total Contract may extend up to 30 years, including development and production periods.

Block 25/34 covers a total area of 7,006 sq kms (net to Company 5,255 sq km) in the East China Sea in water depth between 75 and 90 metres. It is located approximately 100 km from the coast of China. The Block includes the Lishui 36-1 (Vicky) gas discovery and its surrounding area, particularly the majority of the deep part of the Lishui basin. Primeline made the Lishui 36-1 (Vicky) gas discovery in 1997 and two appraisal wells were drilled on the discovery during 2000 and 2001. The discovery well and the first appraisal well proved that hydrocarbon resources exist in the discovery and the Block. The discovery is

located in the deepest part of the Lishui Graben in the East China Sea which is a Tertiary rift basin developed on the western margin of the Pacific tectonic plate. The main reservoirs discovered are the Paleocene Mingyuefeng and Lingfeng Formation sandstones buried at the location of the Lishui 36-1 discovery at around 2500m. The discovery is 140 km from the city of Wenzhou, a city with a population of around 2 million people on the Chinese coast. The Company has net 75% interest in the discovery and the Petroleum Contract subject to future CNOOC back-in rights as described above.

## **EXPLORATION AND DEVELOPMENT ACTIVITY**

During fiscal year 2007/2008, the Company undertook geological, geophysical and commercialization works as follows:

- Conducted a pre-feasibility business opportunity study of LS 36-1
- Commenced a formal development feasibility study of LS 36-1
- Continued evaluation of the prospects, including selection and surveys of well sites in LS 36-1 and drilling preparation
- Geological and geophysical evaluation of the available seismic data for the remainder of Block 25-34
- Commenced negotiations with Wenzhou Municipal Authority and Zhejiang Provincial Government for an Agreement in Principle for sales of gas from LS 36-1 to the Zhejiang Province Provincial Grid.

The Company did not participate in any drilling activity during fiscal year 2007/2008. The total exploration expenditure during the fiscal year of 2007/2008 was C \$2,824,092 (excluding interest and exchange gain). In the next fiscal year, the Company plans to

- ◆ Continue the discussions with Drilling Contractors and try to secure a rig for exploration drilling in the prospects selected in 2006/2007
- ◆ Drill one or two exploration wells
- ◆ Complete the feasibility study
- ◆ Continue negotiations for an Agreement in Principle with Wenzhou Municipal Authority and Zhejiang Provincial Government
- ◆ Compile and submit an Overall Development Plan for LS 36-1 to the Chinese government

## **TAX HORIZON**

The Company was not required to pay income taxes during the year ended March 31, 2008. The Company estimates that it will not be required to pay income taxes to Chinese Authorities until there is a commercial development.

**Principals**

P. A. Welch P. Eng.

G. M. Heath P. Eng.

B. H. Emslie P. Eng.

R. F. Ott P. Geol.

C. B. Kowalski P. Eng.

B. J. Wurster P. Eng.

July 25, 2008

**Primeline Energy Holdings Inc.**  
**C/O Maples and Calder, Attorneys-At-Law**  
Ugland House  
South Church Street  
Grand Cayman  
Cayman Islands  
British West Indies

Attention: The Board of Directors of Primeline Energy Holdings Inc.

Re: **Form 51-101F2**  
**Report on Reserves Data by an Independent Qualified Reserves Evaluator**  
**of Primeline Energy Holdings Inc. (the “Company”)**

To the Board of Directors of Primeline Energy Holdings Inc. (the “Company”):

1. We have evaluated the Company’s reserves data as at July 1, 2008. The reserves data consists of contingent and prospective oil and gas resources estimated as at July 1, 2008.
2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”) prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.
6. We have no responsibility to update our report for events and circumstances occurring after the preparation date.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

**MCDANIEL & ASSOCIATES CONSULTANTS LTD.**



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B. H. Emslie, P. Eng.  
Senior Vice President

Calgary, Alberta

Date: July 25, 2008

**FORM 51-101F3**  
**REPORT OF MANAGEMENT AND DIRECTORS**  
**ON OIL AND GAS DISCLOSURE**

Management of Primeline Energy Holdings Inc. (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. The Company has no reserves as at March 31, 2008. At this time, management considers that the Company has no reserves that fall into the categories required for reporting purposes. This has been confirmed by an independent qualified reserves evaluator who has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Dated this 25th day of July, 2008.

"Graeme Phipps"

Graeme Phipps,  
Director

"Ming Wang"

Ming Wang,  
Chief Executive Officer and Director

"Brian Chan"

Brian Chan,  
Chief Financial Officer and Director

"Peter Kelty"

Peter Kelty,  
Director