

PRIMELINE ENERGY HOLDINGS INC.

FOR IMMEDIATE RELEASE

FIRST APPRAISAL WELL SPUDDED

June 5, 2000. Primeline Energy Holdings Inc. (CDNX: PEH), ("Primeline" or the "Company") is pleased to announce that Primeline and its partner, China National Offshore Oil Corporation ("CNOOC"), spudded the first appraisal well, Lishui 36-1-2 (Vicky-2), in Block 32/32 in the East China Sea June 1.

Further to the announcement by the Company on 26th May 2000 with regard to the Amendment Agreement to the Petroleum Contract, CNOOC and Primeline have commenced drilling an appraisal well. The well is being drilled using the Nanhai V semi-submersible rig, regarded by industry observers as the best-equipped rig in China. The plan is to drill to a Total Depth of 2943m. The drilling operation is anticipated to last around 45 days followed by a comprehensive testing programme.

Lishui 36-1-2 will provide significant additional data on the natural gas reservoir in Lishui 36-1 (Vicky) discovered by the Company in late 1997. It is the first well in an appraisal programme which is designed to establish the commercially recoverable gas reserves in the Vicky (Lishui 36-1) field and to provide sufficient data to allow for the formulation of a field development plan.

Under the terms of the Amendment Agreement, CNOOC provide all the funds for the operations which is being undertaken by CNOOC and Primeline's Joint Operating Company as the operator.

The Company owns a 75% interest in the Petroleum Contract for Block 32/32, a 4,580 square kilometers (1.1 million acres) concession block in the East China Sea. The remaining 25% is owned by the Company's affiliate, Primeline Petroleum Corporation. Under the original Petroleum Contract, the Company had the obligation to drill one exploration well during the current Phase Two Exploration Period and has the obligation to provide all exploration costs including the appraisal programme. Under the terms of this new Amendment Agreement, the Company will have obligations and revenues based on a net participation interest of 11.25% in

any future development and production from the Block, whilst having no further obligation in funding the exploration programme.

Primeline is focusing exclusively on oil and gas exploration and upstream business opportunities in China. The Company's shares are listed on the Canadian Venture Exchange under the symbol 'PEH'.

"Peter Kelty"

Director

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The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this News Release.