<u>**PRIMELINE ENERGY HOLDINGS INC.**</u>
FOR IMMEDIATE RELEASE

PRIMELINE BEGINS DRILLING LISHUI 36-1-3 APPRAISAL WELL

December, 3rd 2001, London, England. Primeline Energy Holdings Inc. (CDNX: PEH), ("Primeline" or the "Company") announces that Primeline and China National Offshore Oil Corporation ("CNOOC") spudded the appraisal well Lishui 36-1-3 on December 2nd, 2001.

As announced on November 16th, this appraisal well aims to test the regional extent of the gas reservoir and is seeking to refine the hydrocarbon volume estimates of the Lishui 36-1 (Vicky) gas discovery. This is the 3rd well on this gas discovery, following the discovery well in October 1997 by Primeline and the first appraisal well in September 2000 by CNOOC and Primeline.

The Joint Operating Company ("JOC"), jointly set up by CNOOC and Primeline, envisages that the well operations, including the planned testing programme, will take around 60 days. The planned total depth of the well is 3,023 metres and the target zones are the same as in the previous wells. Further announcements will be made when test results are available.

Primeline is focusing exclusively on oil and gas exploration and upstream business opportunities in China. Primeline owns 75% of the Contractor's interest in the Petroleum Contract for Block 32/32, East China Sea, which entitles the Company to a net participation interest of 11.25% in any future development and production from the Block. Block 32/32 encompasses 4,500 square kilometers in the East China Sea.

The Company's shares are listed on the Canadian Venture Exchange under the symbol 'PEH'.

"Peter Kelty"

Peter Kelty
Director
Primeline Energy Holdings Inc.

For More Information Please Contact:
Primeline Investor Relations
Tel. + 44 20 7499 8888
Fax. + 44 20 7499 2288
Toll Free: 1 877 818 0688
E-Mail primeline@pilp.com
Web Site: www.primelineenergy.com

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