

## PRIMELINE ENERGY HOLDINGS INC.

London, England  
TSX-V Symbol: PEH

April 4, 2006

### NEWS RELEASE

# PRIMELINE ANNOUNCES CLOSING OF \$25 MILLION FINANCING, CONVERSION OF DEBT AND GRANT OF STOCK OPTIONS

**Primeline Energy Holdings Inc.** ("Primeline" or the "Company"), listed on the TSX Venture Exchange Inc. under the trading symbol "PEH", is pleased to announce the completion of its previously announced private placement of units of the Company (each, a "Unit") for aggregate gross proceeds of \$25 million. Jennings Capital Inc. acted as agent for this financing (the "Private Placement"), pursuant to which a total of 16,666,666 Units were issued and sold at a price of \$1.50 per Unit, for aggregate gross proceeds of \$25 million. Each Unit consists of one common share (each, a "Common Share") and one half of one (1/2) common share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional Common Share upon payment of \$2.00 at any time in the two years following the closing of the private placement. The warrants will, after October 4, 2006, be subject to a forced conversion, at the option of Primeline, if the Common Shares trade at or above \$3.00 per share for a period of 20 consecutive trading days, in which case the warrants will expire on the 20<sup>th</sup> calendar day following the date that notice of the forced conversion is sent to the warrant holders. The Common Shares and warrants are subject to four-month hold periods in accordance with applicable securities laws and regulations, which will expire on August 5, 2006.

Compensation for this financing consisted of the payment of aggregate cash commissions in an amount equal to 6.5% of the gross proceeds raised pursuant to the Private Placement, the issuance of agent's warrants equal to 5% of the Units sold hereunder to Jennings Capital Inc. and the payment of a finder's fee in an amount equal to 2% of the gross proceeds raised pursuant to the Private Placement to Maxwell Mercantile Inc. of Vancouver. Each of the foregoing agent's warrants entitles the holder to acquire one Common Share at a price of \$2.00 on or before April 4, 2008. The agent's warrants are also subject to a four-month hold period in accordance with applicable securities laws and regulations, which will expire on August 5, 2006.

Primeline's major shareholder, Primeline International (Holdings) Inc. ("PIHI") converted \$7.9 million of debt that was owing to PIHI into 5,266,667 Units, at a debt conversion price of \$1.50 per Unit. Such Units were issued upon the same terms and are subject to the same conditions as the Units that were issued under the Private Placement and are also subject to four-month hold periods in accordance with applicable securities laws and regulations, which will expire on August 4, 2006.

Primeline has granted an aggregate of 4,500,000 options to acquire Common Shares at a price of \$1.50 for 5 years to certain key officers, employees, directors and consultants of Primeline.

Primeline owns a 75% interest in the Petroleum Contract for Block 25/34 in the East China Sea, with The China National Offshore Oil Company ("CNOOC") and is the operator for the Block. Primeline made the gas discovery, Lishui 36-1, in the Block which has two wells which flowed at 9.8 and 12 mmcfpd of natural gas. The Block encompasses 7,006 sq kms which contains the Lishui Gas play and many other potential prospects.

Proceeds from the Private Placement will be used for the following purposes: to acquire further 3D seismic to better define prospects near existing discoveries on Block 25/34; drill an additional appraisal/step-out exploration well; upon evaluation, drill a well to expand the current resource base; project development; and for general working capital purposes.

ON BEHALF OF PRIMELINE ENERGY HOLDINGS INC.

(signed) "*Ming Wang*"

Chief Executive Officer

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