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NEWS RELEASE

PRIMELINE ISSUES OPERATIONS UPDATE

Primeline Energy Holdings Inc. ("Primeline" or the "Company"), listed on the TSX Venture Exchange Inc. under the trading symbol "PEH", today issues an operations update.

As previously announced, on October 12 2006, Primeline completed the survey of 550 sq. km 3D seismic and started the processing of the data, merging it with the existing 233 sq. km of 3D seismic data within Block 25/34 in the East China Sea. Currently, the processing is ongoing as planned and final processed data is expected towards the end of Q1 2007. However, the Company recently received the interim stage processing results and has commenced interpretation with the full support and participation of CNOOC's technical team in Shanghai.

The full interpretation of the total of 750 sq km merged 3D seismic data will allow the Company to further define the Lishui 36-1 gas discovery and adjacent prospects ("Lishui Gas Play") and to select the next well location(s). There may be some requirement for additional special processing of the data to enhance this evaluation.

The Company currently has funding in place and plans to drill one or two wells in the Lishui Gas Play with an aim to increase the current resource base in order to justify a commercial development. The Company will decide on the drilling location(s) in March/ April 2007 and intends to commence drilling once the location is approved, subject to rig availability. The Company is currently in discussions with drilling contractors and CNOOC to secure a rig for the drilling programme and acknowledges that it is facing increasingly difficult rig market conditions.

Primeline owns a 75% interest in the Petroleum Contract for Block 25/34 in the East China Sea with China National Offshore Oil Corp. (parent company of CNOOC Limited, www.cnooltd.com) and Primeline is also the operator for the Block. The Company made the gas discovery, Lishui 36-1, within the Block through two wells which have flow rates of 9.9 and 12.6 mmcf/d of natural gas, respectively. Block 25/34 encompasses 7,006 sq km in the basin where 7 additional previously drilled wells in and around the Block encountered oil and gas shows and flows, indicating that there is significant hydrocarbon potential in addition to the Lishui Gas Play.

ON BEHALF OF PRIMELINE ENERGY HOLDINGS INC.



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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.