

London, England  
1<sup>st</sup> May 2007  
TSX-V Symbol: PEH

## NEWS RELEASE

### PRIMELINE /CNOOC REVIEW 3D RESULTS

**Primeline Energy Holdings Inc.** ("Primeline" or the "Company"), listed on the TSX Venture Exchange Inc. under the trading symbol "PEH", today announced that the Company has completed a Joint Management Committee (JMC) Meeting with CNOOC in London to review the interim interpretation results of the data from the recently completed 3D seismic survey and project progress generally.

A technical committee meeting (TCM) was held to review recent technical work, including the results of interpretation of the merged 737 sq km 3D seismic data recently received from Primeline's Contractor, China Oilfield Services Ltd. (COSL). The main purpose of the new 3D seismic programme was to define prospect leads and possible drilling locations. The 3D data has confirmed prospects which were previously-envisaged when planning the data acquisition and has confirmed the existence of channel and canyon systems related to the distribution of sand in the Basin in and around the Block 25/34, including that in the Lishui 36-1 gas discovery. Several sizeable prospects have been mapped in this new play concept. Geophysical features seen in the Lishui 36-1 gas discovery, particularly, direct hydrocarbon indicators (DHI) such as AVO and bright spots, are found on these prospects. Tertiary channel sands are a proven play type in Western Africa and the Gulf of Mexico. AVO anomalies are often due to gas effects in the sands and these anomalies help differentiate bright spot gas sands from other bright reflectors.

The interim results confirmed the Company's belief in the hydrocarbon potential of the area and that there could be significant resource potentials in these prospects within the overall Lishui gas play. The JMC approved a preliminary prospect ranking recommended by the TCM, and it was agreed that further work would be undertaken in order to refine the drilling locations and to minimize exploration risk by the end of June. Primeline plans to drill one or two wells in this play subject to rig availability.

The JMC also reviewed the current gas market conditions and it was recognized that, due to the increase in demand in East China, improvement in gas infrastructure and current international gas prices, the Chinese gas market conditions have significantly improved. The JMC approved a programme for the evaluation of the possibility of an early development based on the existing Lishui 36-1 discovery alone, the key parameters being the volume of gas resources, gas price and development costs.

The JMC approved the preparation of a reserve report for the Lishui 36-1 discovery in accordance to the Chinese government regulations to obtain "Development Reserves" status. The report is an essential component of any official development plan submission as well as the fundamental basis for discussions with the City of Wenzhou, the closest market to the Lishui 36-1 discovery. The reserve report will be submitted through CNOOC to the state reserves committee and is expected in Q3/Q4 of 2007.

Primeline and CNOOC also plan to further evaluate the gas market conditions in Wenzhou and undertake a pre-feasibility study of the development scenario which is likely to take several months. If the study is



positive, the Company can then proceed with the development feasibility study leading to the submission of an Overall Development Plan.

Separately, Primeline has contracted McDaniel & Associates (<http://www.mcdan.com/>) of Calgary to independently evaluate its property in preparing for the annual filing with the Toronto Venture Exchange in accordance with NI 51-101. McDaniel & Associate is one of the world's leading petroleum consulting firms specializing in geological studies, reserves evaluations, resource assessments, economic evaluations and petroleum engineering studies. The results of McDaniel's evaluation will be announced with the annual filing.

Mr. Victor Hwang, the president of Primeline commented on the conclusion of this JMC "this is a very exciting time for us. The new 3D results have confirmed our original view on this new exploration concept of significant potential. The strategy to explore the possibility of stand alone early development means that we could potentially fast track our production and cash flow with the existing resources in Lishui 36-1 gas discovery. Now the Company needs to try to secure a rig for exploration in these interesting high potential prospects around our existing discovery, whilst working on the possibility of early development. Such two strategies will complement each other."

Primeline owns a 75% interest in the Petroleum Contract for Block 25/34 in the East China Sea with China National Offshore Oil Corp. (CNOOC) (parent company of CNOOC Limited, [www.cnooltd.com](http://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 (million cubic feet per day) 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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