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London, England
21st February 2008
TSXV: PEH

NEWS RELEASE

Primeline Extends PETROLEUM CONTRACT

Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) today announced the execution of an agreement to extend the first exploration phase under the Petroleum Contract. An update on exploration and development is also provided.

Petroleum Contract Extension

The Petroleum Contract for Block 25/34 provides for an exploration period of seven years from the date of commencement, which was May 1st, 2005. The exploration period is divided into three separate phases of three, two, and two years respectively. The provisions relating to the minimum exploration work provide that during the first phase of the exploration period the contractors are required to complete the acquisition of 200 sq km of 3D seismic and drill one well of 2,500 m with a minimum exploration expenditure of US\$6 million. During the first phase Primeline has acquired a total of 550 sq km of 3D seismic and has spent in excess of US\$10 million but, due to the lack of availability of drilling rigs, has been unable to drill the required well. Accordingly, in view of current rig market conditions, China National Offshore Oil Corporation ("CNOOC", www.CNOOC.com.cn, NYSE: CEO) has agreed to extend the first phase of the exploration period by an additional period of twelve months.

By an Amendment Agreement dated February 18th 2008 between CNOOC, Primeline and Primeline Petroleum Corporation, the parties have agreed that the Petroleum Contract be amended to provide that the first exploration period shall be for a period of four years from the date of commencement on May 1st, 2005, provided that one of the two subsequent two-year exploration periods will be reduced by a corresponding period of one year unless otherwise agreed. The minimum exploration requirement for each of phases 2 and 3 is the drilling of one well to 2,500m and an expenditure of US\$5m.

Dr. Ming Wang, CEO of Primeline, commented, "This Contract Extension demonstrates the cooperative understanding and goodwill between the parties who all continue to support the development of this project."

Exploration Update

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As previously announced, Primeline has completed the site survey of the proposed exploration well locations in the Lishui gas play in December 2007 and all other preparatory work required before drilling the identified prospects. Primeline is ready to drill immediately once a rig is available on acceptable terms and is continuing its discussions with CNOOC and drilling contractors in order to secure a rig for the selected exploration well locations.

Development Update

Also as previously announced, Primeline and CNOOC have completed the detailed engineering and costing element of the feasibility study for the stand-alone development of the existing Lishui 36-1 gas discovery but are still continuing their discussions with the Wenzhou Municipality Authority and the Zhejiang Provincial Government with regard to a take-or-pay gas sale contract. These negotiations commenced formally in September 2007. In the event that a memorandum of understanding for such contract is entered into on terms that would justify the commercial development of the existing discovery on a stand-alone basis then it is the current intention of Primeline, subject to adequate funding, and CNOOC to proceed with the work required to complete an Overall Development Plan.

ON BEHALF OF PRIMELINE ENERGY HOLDINGS INC.

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Please visit the Company's website at www.pehi.com. Should you wish to receive Company news via email, please email michael@chfir.com and specify "Primeline Energy" in the subject line.

Forward-Looking Statements

Some of the statements in this news release contain forward-looking information, which involves inherent risk and uncertainty affecting the business of Primeline. These statements relate to the Company's intention to proceed with the work required to complete an Overall Development Plan and the sufficiency of funding to pay for the costs of the Overall Development Plan. They are based on an assumption that funding will be sufficient. Actual results may vary



from those anticipated in such statements. Funding may not be sufficient, and if it is not the Company may be unable to complete some or all of such work.

The TSX Venture Exchange has neither reviewed nor approved and takes no responsibility for the contents of this release.