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TSXV: PEH

NEWS RELEASE

PRIMELINE ENERGY LISHUI DEVELOPMENT UPDATE - ENVIRONMENTAL SURVEY COMMENCED

Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) today reported that the Company has commenced the environmental survey necessary in order to proceed with the potential development of the Lishui 36-1 gas discovery.

As part of the preparation of an Overall Development Plan (ODP), it is necessary to carry out various surveys, including environmental impact surveys. Two environmental surveys are required, one in the Spring and the other in the Autumn. The spring survey must be commenced and completed in April/May with the autumn one in September/October. If that window is missed, the survey must be delayed until the following year.

As previously announced, Primeline and China National Offshore Oil Corp. ("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 gas sales contract. These negotiations commenced formally in September 2007 but were interrupted by the changes in both the Provincial and Municipality government during the period from November 2007 until March 2008. The negotiations have recently been re-opened and are initially aimed at arriving at an Agreement In Principle for a gas sales contract on terms that would justify the commercial development of the existing discovery on a stand-alone basis.

It was the intention of Primeline to delay commencement of the ODP work, including the surveys, until after the signing of at least an Agreement In Principle on the terms of the gas sale contract. However, in view of recent progress in the gas sale negotiations, Primeline has decided to carry out the spring environmental survey whilst negotiations with the Zhejiang and Wenzhou Government continue. Other survey work can wait until Primeline and CNOOC reach agreement with the Wenzhou Government on the gas sales contract.

The environmental survey commenced on 15th May and is being carried out by Primeline's contractor, China Second Oceanographic Research Institute, assisted and monitored by Primeline's feasibility study contractors, CNOOC Research Centre and CNOOC Ltd. Shanghai. The field work is anticipated to be completed by the end of May followed by analysis and the preparation of the report. The final report is expected in October 2008. The cost of this survey is approximately US\$250,000.



Exploration Update

As previously announced, Primeline has completed the site survey of the proposed exploration well locations near the Lishui 36-1 gas discovery in the Lishui gas play 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. In the past 6 months, Primeline has been actively seeking rigs and has received several proposals in respect of various international drilling rigs and drillships. However, for a variety of reasons, it has not so far been possible to obtain a suitable rig on economic terms. Primeline is nevertheless continuing its discussions with COSL/CNOOC and other drilling contractors in order to secure a rig for the selected exploration well locations.

About Primeline Energy Holdings Inc.

Primeline is an exploration company focusing exclusively on China resources to become a major supplier of gas and oil to the East China market. Primeline has a 75% interest in the Petroleum Contract with CNOOC for Block 25/34, an offshore exploration area of 7,006 km² in the East China Sea. The Company has made a gas discovery within Block 25/34 and is currently evaluating the possible development of that discovery to supply natural gas to the rapidly expanding city of Wenzhou. A recently completed 3D survey has defined a number of high potential prospects for the Company's immediate exploration programme. Previously drilled wells in and around Block 25/34 encountered oil and gas shows and flows indicating that there is significant hydrocarbon potential in the remainder of the Block. Shares of the Company are listed for trading on the TSX Venture Exchange under the symbol PEH.

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, the sufficiency of funding to pay for the costs of the Overall Development Plan, and the Company's intention to conclude a contract for sales of gas from Lishui 36-1 and other resource the Company may find. They are based on assumptions that funding will be sufficient to pay the costs of the Overall Development Plan, and that a contract can be concluded on acceptable terms. 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 Company may not be able to conclude a contract for gas sales on acceptable terms.

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