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NEWS RELEASE

**PRIMELINE AND CNOOC AGREE TO VARY
PETROLEUM CONTRACT TERMS TO ACCOMMODATE WORK PROGRAMME**

Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) today announced that China National Offshore Oil Corporation ("CNOOC") has agreed to vary the terms of the Petroleum Contract to allow Primeline to carry forward its exploration well obligation into the second exploration phase to accommodate the development and exploration work programme.

The Petroleum Contract for Block 25/34 provides for an exploration period of seven years from the date of commencement of 1st May 2005, originally divided into three separate phases of three, two and two years respectively. By a previous Amendment Agreement dated 18th February 2008, the first exploration phase was extended from three to four years, to end on 30th April 2009. The Company and Primeline Petroleum Corp. (PPC) (jointly as "Contractor") are required to complete a minimum exploration work in each exploration phase; the requirement for the first exploration phase being to acquire 200 km² of 3D seismic and drill one well of not less than 2,500 m deep with a minimum exploration expenditure of US\$6 million. To date, in the first exploration phase, the Contractor has acquired a total of 550 km² of 3D seismic and has together spent in excess of US\$20 million but, due to the lack of availability of drilling rigs, has so far been unable to drill the required well despite all reasonable best efforts.

In 2007, the Company and CNOOC agreed on a rolling development strategy, which entails developing the existing gas resources in the Lishui 36-1 gas field whilst at the same time continuing exploration of nearby prospects. Since October 2008, when the Agreement In Principle for Gas Sale was signed with Zhejiang Natural Gas Development Co. Ltd., Primeline has been proceeding with the compilation of the Overall Development Plan (ODP) for the Lishui 36-1 gas field. In view of the current ODP work programme, the rolling development strategy and the approaching end of the first exploration phase, CNOOC has now agreed that Primeline may carry forward the unfulfilled one well commitment from the first phase into the second phase. As a result, the work obligation in the second phase will be to drill two exploration wells.

Furthermore, CNOOC has agreed that Primeline may delay its decision to enter into the second exploration phase until 31st October 2009, provided that if Primeline elects to proceed by that date then the second exploration phase shall be deemed to have commenced on 1st May 2009. It is Primeline's current intention to proceed to the second phase but this flexibility will allow Primeline to decide and plan on a better basis when the ODP is completed. When a development decision is made, the agreed development area will be carved out of the exploration area and will be the subject of a Supplemental Development Agreement with CNOOC.



Dr. Ming Wang, CEO of Primeline, commented, “CNOOC recognizes the scarcity of drill rigs in the past few years and the benefits of having the ODP report completed and approved before we proceed with the step out exploration work within the overall rolling exploration and development concept. CNOOC’s agreement to amend the Petroleum Contract terms demonstrates the cooperative understanding and goodwill between us supporting the Lishui 36-1 development project and beyond.”

As previously announced, Primeline is progressing well with the preparation of the ODP and is in the process of contracting various surveys required for the ODP. Land acquisition for the onshore terminal site from Wenzhou Government is also proceeding well. On the exploration side, Primeline has completed the site survey of the two proposed exploration well locations in the Lishui gas play and other associated preparatory work. Primeline is ready to drill once a rig is available on acceptable terms. As part of the rolling development strategy, it is now anticipated that drilling of the nearby prospects will only commence after a decision on the development is made. It is also believed that the proposed delay should benefit Primeline in that indications are that drilling costs are now coming down as a result of current market conditions.

About Primeline Energy Holdings Inc.

Primeline is an exploration and development company focusing exclusively on China resources to become a major supplier of gas and oil to the East China market. Primeline has a 75% Contractor’s interest in the Petroleum Contract with CNOOC for Block 25/34, an offshore exploration area of 7,006 km² in the East China Sea, where the Lishui 36-1 discovery is located. Primeline is compiling the ODP for the Lishui 36-1 gas field. A 3D survey was used to define a number of high potential prospects near the discovery for the Company’s step out 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 catarina@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 time anticipated to complete the ODP and the costs of the ODP and the effect of the market conditions on drilling costs. They are based on assumptions that survey and other works will be completed in a timely fashion and that funding will be sufficient to pay the costs of the ODP. Actual results may vary from those anticipated in such statements. Survey and other work may be delayed for technical and other reasons, and if it is, completion of the ODP will also be delayed. Funding may not be sufficient, and if it is not the Company may be unable to complete some or all of the ODP. Market conditions may have no effect on drilling costs and exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.

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