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Listed on TSX Venture (PEH.V)  
加拿大上市公司

Hong Kong, China  
5<sup>th</sup> March 2010  
TSXV: PEH

## NEWS RELEASE

### PRIMELINE SIGNS DRILLING CONTRACT

**Primeline Energy Holdings Inc.** ("Primeline" or the "Company") (TSXV: PEH) today announced that Primeline has entered into a turnkey drilling contract for its step out exploration well in the vicinity of the LS36-1 field as part of its rolling development and exploration programme.

As previously announced on 10<sup>th</sup> February, having made good progress on the development of its LS36-1 gas field, Primeline signed a Letter of Intent with China Oilfield Services Ltd. (COSL) under which COSL agreed to drill LS35-3-1 well on a turnkey basis for Primeline. Primeline has now concluded the detailed negotiations and, on 5<sup>th</sup> March 2010, entered into the turnkey drilling contract with COSL.

Under the turnkey drilling contract, COSL will drill the LS35-3-1 well in Block 25/34 using a jack-up rig, COSL 942, once the rig is released from its current contract, which is expected to be sometime between the beginning of April to late May 2010. COSL will supply all necessary equipment, services and personnel for the drilling.

COSL is the leading integrated oilfield services provider in offshore China with a total of 24 offshore rigs and is listed on the Hong Kong and Shanghai Stock Exchanges. COSL 942 is a new rig first launched in August 2009. It is fifth generation jack-up rig capable of operating in water depths of up to 400 ft.

The LS35-3 prospect is approximately 14.5 km from the existing LS36-1 discovery and is one of four main channel system prospects Primeline identified in the area adjacent to the LS36-1 Gas Field through its 3D seismic programme in 2007. If any sizeable hydrocarbon resources are discovered at LS35-3, they can be easily tied into the proposed production facility Primeline and CNOOC plan to build as part of the LS 36-1 gas field development program. Primeline also has another ready to drill prospect to the north of the LS36-1 field.

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London England  
Fourteen South Audley Street  
London | W1K 1HN  
England | UK  
Tel +44 20 7499 8888  
Fax +44 20 7499 2288

Hong Kong China  
Hong Kong Parkview  
88 Tai Tam Reservoir Road  
Hong Kong | China  
中國香港大潭水塘道88號陽明山莊  
Tel 電話 +852 2810 5511  
Fax 圖文傳真 +852 2810 0667

Shanghai China  
Suite 22N | Cross Region Plaza  
899 Ling Ling Road  
Shanghai | 200030 | China  
中國上海零陵路 899 號  
(飛洲國際廣場) 22N座 郵編 200030  
Tel 電話 +86 21 6468 6462  
Fax 傳真 +86 21 6468 6467



Based on the Turnkey Drilling Contract, the cost of the well, in a success case, is expected to be approximately US\$25 million depending on the level of testing required. This price is significantly less than prices which were quoted to Primeline in 2008/2009. The cost of the exploration well will be borne by Primeline and Primeline Petroleum Corporation, a company 100% owned by Chairman Victor Hwang, in the proportions 75/25, representing their respective interests in the Petroleum Contract.

Primeline obtained confirmation from its major shareholder and Chairman, Victor Hwang, that he will underwrite the cost of the drilling contract in order to enable Primeline to secure the rig. Primeline is in the process of putting in place arrangements for raising the funds required for its share of the drilling cost. Further details will be announced when the rig is ready to be mobilised to LS35-3-1 location and arrangements for the fund raising have been finalised.

#### **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 5,221 km<sup>2</sup> in the East China Sea, where the Lishui 36-1 discovery is located. 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.

Ming Wang  
Chief Executive Officer

#### **CONTACT: PRIMELINE ENERGY HOLDINGS INC.**

Dr. Ming Wang  
CEO  
Phone: +44 207.499.8888  
Fax: +44 207.499.2288  
Toll Free: 1.877.818.0688  
Email: [IR@pehi.com](mailto:IR@pehi.com)

#### **CHF INVESTOR RELATIONS**

Robin Cook, Senior Account Manager  
Catarina Cerqueira, Associate Account Manager  
Phone: +1 416.868.1079  
Fax: +1 416.868.6198  
Email: [robin@chfir.com](mailto:robin@chfir.com)  
[catarina@chfir.com](mailto:catarina@chfir.com)



Please visit the Company's website at [www.pehi.com](http://www.pehi.com). should you wish to receive Company news via email, please email [catarina@chfir.com](mailto: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 in which the COSL 942 rig is expected to become available, the cost of drilling the LS 35-3-1 well expected by Primeline, and Primeline's expectation that funding arrangements will be completed. They are based on assumptions that the current contract under which COSL has been mobilized will be completed on a timely basis, upon budgets for drilling compiled by Primeline, and that funding arrangements can be completed. Current contracts may not be completed on a timely basis, actual costs may exceed those budgeted, and it may not be possible to complete funding arrangements. If so, then drilling of LS 35-3-1 may be delayed, the amounts Primeline will have to raise may be increased, and Primeline may be unable to meet its payment obligations under the drilling contract. Required government approvals may not be obtained in a timely fashion, or at all. If funding is not sufficient or governmental approvals are not obtained, Primeline may be unable to develop the gas field. Exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.