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TSXV: PEH

NEWS RELEASE

PRIMELINE ANNOUNCE DRILLING PROGRESS

Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) today, in response to shareholder queries, announces the drilling progress of the LS35-3-1 exploration well in Block 25/34 East China Sea.

As previously announced, the LS 35-3-1 exploration well was spudded on 12 April 2010. At 6:00 am 3rd May 2010 local time, the well was at 2,799 m Measured Depth (MD), 87 m above the planned total depth (TD) of 2,886 m.

Primeline reports that the upper two of the three target zones have been penetrated. Sandstone units were encountered as expected at both targets but neither oil shows nor gas shows (elevated mud-gas readings) were observed during drilling operations. Primeline conducted an intermediate electric logs run to a depth of 2,310 m MD (covering the first target zone only) on 30th April local time, comprising gamma ray, sonic, spontaneous potential and resistivity logs. The log data was analysed on 1st May and showed no evidence of producible hydrocarbons in the first target zone. The well drilled on and through the second target zone on 2nd May local time.

In the early hours of 3rd May, a thin sand interval with gas shows and weak oil shows was penetrated above the prognosed third target zone. Readers are cautioned these results are based only on data collected during drilling and are not definitive. Electric logging and, if warranted, drill stem testing will be required to determine whether there are producible hydrocarbons in place.

At present drilling rates, the original planned TD should be reached in the next day or so after penetrating the third target zone. There will then be a programme of data collection (covering all three target zones) extending over a period of several days and comprising final electric and other well logging and associated activities. If the final data suggests the existence of producible hydrocarbons, Primeline may conduct a drill stem test of this well. Primeline may also decide to



deepen the well. Primeline will make further announcements promptly on any significant developments in this well.

This exploration drilling operation is part of the step-out drilling campaign that Primeline is implementing as part of its rolling exploration and development strategy. Primeline and CNOOC are preparing for the development of Lishui 36-1 gas field following signing of development agreements with CNOOC on 17th March. The Lishui 35-3-1 well location is approximately 15 km SW from the Lishui 36-1 gas field and is one of the several prospects identified by high quality 3D seismic data in the vicinity of the Lishui 36-1 gas field.

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 km² 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.

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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 chelsea@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 drilling of the LS 35-3-1 well is anticipated to be completed, and the subsequent logging and testing programme. They are based on assumptions that the drilling, and electric logging and other data collection will be completed on a timely basis as proposed by the turnkey drilling Contractor. The drilling operations may not be completed on a timely basis, in which event drilling of LS 35-3-1 may be delayed, data collected during drilling (such as oil and gas shows) and electric logging cannot definitely define producible



hydrocarbon, and there may be no testing of the well. Exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.

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