

6<sup>th</sup> May 2010  
TSXV: PEH

NEWS RELEASE

**PRIMELINE PREPARES FOR DRILL STEM TESTING OF LS 35-3-1 WELL**

**Primeline Energy Holdings Inc.** ("Primeline" or the "Company") (TSXV: PEH) today announces that positive electric logging results have prompted Primeline to prepare for drill stem testing (DST) of potential reservoir zones in the LS 35-3-1 exploration well in Block 25/34 East China Sea.

At 8 a.m. 6<sup>th</sup> May 2010 China time, Primeline completed two runs of electric logging comprising gamma ray, sonic, spontaneous potential, resistivity and neutron-density logs over the interval from 1,383m to total depth (TD). Interpretation of the log data leads to the following preliminary conclusions

- Target Zone 1: good thick sandstone sequence with no indications of hydrocarbons
- Target Zone 2: sandstone sequence with limited indications of hydrocarbons
- Target Zone 3: gross 60 m section of sandstone and mudstone interbeds with over 20 m aggregate of potential hydrocarbon pay in two zones. The initial interpretation indicates the presence of gas in these zones. There is no indication of a gas water contact on the logs.

Based on these results, Primeline has instructed China Oilfield Service Ltd. (COSL) to mobilise DST equipment to the rig and prepare for testing.

Readers are cautioned that these electric log interpretation results are preliminary and running a DST does not necessarily mean producible hydrocarbons are present.

Primeline is currently conducting a formation evaluation logging programme including Vertical Seismic Profiling (VSP), Reservoir Characterisation Instrument (RCI –RFT) and side wall coring, before setting the 9 5/8 inch casing. The DST programme will commence in about 7-8 days after the casing programme. If two zones are tested it is anticipated that it will take approximately two weeks. Primeline will make further announcements on the final result of the DST. Primeline has agreed terms and will contract COSL for the DST on a per zone turnkey basis.



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 17<sup>th</sup> March. The LS 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 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

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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 [chelsea@chfir.com](mailto: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 logging and testing of the LS 35-3-1 well is anticipated to be completed. They are based on assumptions that the logging and casing will be completed on a timely basis as proposed by the Contractor and Primeline. The logging, casing and testing operations may not be completed on a timely basis. Data collected during electric logging cannot give definitive evidence of the existence of producible hydrocarbon, and the DST results cannot be guaranteed. 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