PRIMELINE
Energy Holdings Inc.

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Listed on TSX Venture (PEH.V)
加拿大上市公司

超準能源

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NEWS RELEASE

PRIMELINE ANNOUNCES CONFIRMATION OF DEVELOPMENT FINANCE

Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) is pleased to announce that it has entered into a revised non-binding loan memorandum with China Development Bank ("CDB") regarding a project finance facility for the development of the LS36-1 gas field ("Development").

Development finance

In May 2010, Primeline Energy China Limited ("PECL"), a 100% subsidiary of the Company, and Primeline Petroleum Corporation ("PPC"), a company wholly owned by the Company's chairman and controlling shareholder Mr. Victor Hwang, and CDB entered into a loan memorandum to confirm the terms on which CDB agreed in principle to provide a loan facility for PECL and PPC's share of the costs of the Development. Following the filing of the Overall Development Program for the Development ("ODP") in June 2012 with the National Development and Reform Commission ("NDRC"), the ODP passed an expert review organized by the NDRC in August 2012. Since that time, PECL, PPC and CDB have been negotiating the terms of a revised loan memorandum ("Loan Memorandum") to take into account the various changes and progress made in relation to the Development since 2010. The Loan Memorandum, which is dated as of 2nd November 2012, replaces the previous loan memorandum entered into between the same parties in May 2010. Pursuant to the Loan Memorandum, CDB has agreed in principle to provide a loan facility to PECL and PPC, as joint borrowers, in order to fund a portion of their respective shares of the costs of the Development.

The Loan Memorandum provides that the principal amount of the loan is to be US $300,000,000 and states that the loan is to bear interest at a floating rate of six month LIBOR plus 480 basis points rising to 510 basis points upon expiration of the support letter from Mr. Victor Hwang

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referred to below, subject to final negotiation. The loan is to have a term of 11 years, consisting of an availability period of one year (from the date of the first drawdown) and a repayment period of 10 years. The proceeds of the loan are to be used only for the Development.

The investment budget for the Development under the ODP is approximately RMB ¥4,564,660,000, including the development costs of RMB ¥3,810,750,000, accredited exploration costs which Primeline expended in Block 25/34 and future abandonment costs. CNOOC's share of the development costs is approximately RMB ¥1,943,482,500 and PECL and PPC's share is approximately RMB ¥1,867,267,500. The loan amount of US$300 million equates to approximately RMB ¥1,967,512,000. The Loan Memorandum provides that PECL and PPC are collectively required to contribute an amount, referred to as "project equity", towards the total investment amount quoted in the ODP, which project equity amount is stated to be RMB ¥493,190,000. PECL and PPC have between them already invested approximately RMB ¥454,020,000, being the exploration expenditure incurred in relation to Block 25/34, which amount is included in the ODP investment budget, and therefore the amount required to be contributed in the future by them as "equity funding" is approximately RMB ¥39,170,000 (approximately US $6.2 million). PECL will be required to contribute 75% of this amount, being RMB ¥29,377,500 (approximately US$4.7 million). The Company is currently reviewing its options with respect to financing the "project equity" contribution from PECL.

The Loan Memorandum is subject to the approval of CDB's credit committee. Conditions precedent to entry into a legally binding loan agreement as set out in the Loan Memorandum include approval of the ODP by the NDRC and a support letter from Mr. Victor Hwang confirming his undertaking to arrange for additional funding to be made available to PECL and PPC to the extent necessary to ensure the completion of the Development, that the design production level specified in the ODP is achieved and that PECL and PPC are able to timely repay principal and interest on the loan. Such support is to cease once such production level has been achieved.

PPC is 100% owned by Mr. Victor Hwang, who is the Chairman, President and controlling shareholder of the Company. Pursuant to the Loan Memorandum, PECL and PPC are to be jointly liable for repayment of the loan facility (the "Loan"). In addition, the Company is to guarantee PECL's and PPC's obligations under the Loan agreement. The loan and the guarantee arrangements are referred to as "the Loan Transaction". Because of the requirement of CDB that PECL and PPC should be joint borrowers and the guarantee by the Company, the Loan Transaction must be approved by shareholders other than Mr. Victor Hwang.

CDB (http://www.cdb.com.cn) is a financial institution in China under the direct jurisdiction of the State Council with net assets over US$1 trillion. It is primarily responsible for raising funding for large infrastructure projects. Debt issued by CDB is fully guaranteed by the central government of the People's Republic of China. CDB is one of the biggest issuers of bonds in China. CDB's mission statement reads "CDB provides medium to long term financing facilities that assist in the development of a robust economy and a healthy prosperous community, it aligns its business with national economic strategy and allocates resources to break through bottlenecks in China's economic and social development. CDB carries out its mission by supporting the development of national infrastructure, basic industry, key emerging sectors and national priority projects …". The nature of Primeline's business accordingly qualifies for support from CDB.

As referred to above, any formal loan agreement will be subject to the approval of the ODP by the NDRC. However, under the terms of the agreements relating to the Development entered into by Primeline, PPC and CNOOC in March 2010, Primeline has no obligation to provide funding for the Development until after such approval has been obtained. In the meantime, CNOOC continues to be responsible for all preparation work in order to ensure that the Development remains on schedule. CNOOC has made significant progress on the Development and gas production is currently expected to commence in the third quarter of 2013.

CDB is now preparing the submission of the loan facility for approval of its credit committee. An announcement will be made when and if such approval is obtained.

Resolution to approve the Loan Transaction

As referred to above, as the Loan Transaction is considered to be a related party transaction it is subject to the approval of Primeline's disinterested shareholders, being shareholders other than Mr. Hwang and his affiliates. Accordingly, an Information Circular providing full details of the Loan Transaction has been sent to shareholders of Primeline and has been filed on SEDAR. The Information Circular also gives notice of a resolution to approve the Loan Transaction to be proposed at the Annual General Meeting of the Shareholders convened on 19th November 2012. The Information Circular provides full details of the factors taken into account by the Board of Directors in approving the Loan Transaction.

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 and is the operator of the petroleum contract with CNOOC for Block 33/07 in the East China Sea and a 36.75% interest in the LS36-1 gas field in Block 25/34 which is being developed by CNOOC (acting as Operator for the Development) together with Primeline and PPC. 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"
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This news release may contain assumptions, estimates, and other forward-looking statements regarding future events. In particular, this news release contains forward-looking statements related to entry into a binding loan agreement with China Development Bank. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond the Company's control that may cause actual results or performance to differ materially from those currently anticipated in such statement. In particular, it may not be possible to conclude a binding loan agreement with China Development Bank, and if so, the Company will have to make other arrangements to finance its share of the development costs, which may or may not be possible to conclude on advantageous terms or at all. Further, the commencement of gas production may be delayed. Readers should not place undue reliance on forward-looking statements.