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加拿大上市公司

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## NEWS RELEASE

### **Primeline Files Annual Accounts and Updated Reserves Report**

Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) today announced that it has filed its annual accounts relating to its financial year ended March 31, 2013 together with its Annual Information Form ("AIF").

The financial disclosure and reports include the management discussion and analysis ("MDA"), financial information, audited accounts for financial year ending March 2013. The AIF contains updated oil and gas information required under National Instrument 51-101 and summary of an updated reserves report from independent engineering auditor McDaniel & Associates Consultants Ltd. ("McDaniel"). Copies of these documents may be obtained via [www.SEDAR.com](http://www.SEDAR.com) or on Primeline's website at [www.pehi.com](http://www.pehi.com).

### **Operations Update**

Management is pleased to report that the development of the LS36-1 gas field ("the Development") has been circa 95% completed by the operator, CNOOC, and the Development is on schedule and on budget.

The platform, offshore pipeline and the terminal have been constructed, fabricated and installed and achieved mechanical completion in June 2013. The drilling and completion of phase 1 of the development drilling program, comprising four development wells, was finished in April 2013. The production operation teams started work on the platform and in the terminal in June 2013, carrying out production preparation and commissioning work. Commissioning and connection to the provincial gas grid is expected to be completed in the second half of the year and CNOOC is preparing for first gas production from the Development around the end of 2013 or early 2014. Full details of the Development progress is set out in the MDA and AIF.

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With first gas expected around the end of 2013 or early 2014, the Company will have cash inflow and access to the dynamic local gas market in Eastern China. The confirmation of the market and the creation of the production facility will significantly enhance the value of any production from LS36-1 gas field's incremental reserves and prospective resources and also of any additional resources which may be discovered within Block 33/07. Experience in the oil industry in general is that once infrastructure is established in a basin, additional resources will be found to tie into that infrastructure and Primeline has a very large concession surrounding the infrastructure for future expansion through its rolling development and exploration strategy.

On the exploration side, Primeline and CNOOC entered into the Block 33/07 Petroleum Contract which became effective on November 1, 2012 and which provides Primeline with a large exploration area surrounding the LS36-1 gas field.

### **Updated Reserves Report**

McDaniel has been the independent engineering auditor for the Company since 2007 and has witnessed the full progress of the Development from feasibility study, Overall Development Program ("ODP"), to currently approaching completion. They have reviewed the full current development status, including the engineering, development drilling and commercial progress, as well as the ODP report and the gas sale agreements as at March 31, 2013 and have updated their evaluation of the natural gas and natural gas liquid reserves in the LS36-1 gas field in accordance with the standards set out in Canadian National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook (COGEH). McDaniel's evaluation estimates that the LS36-1 gas field has total project recoverable Proved Reserves of 50.4 Bcf of natural gas and 2.5 MMBbl of condensate and natural gas liquids, and Proved+Probable Reserves of 66.9 Bcf of natural gas and 3.5MMbbl of condensate and natural gas liquid, which translates to Company net Proved + Probable Reserves of 25.8Bcf of gas and 1.4MMbbl of condensate and natural gas liquid. The total Proved+Probable Barrel Oil Equivalent (BOE) (using conversion of 6 Mcf = 1 boe) for the project is 14.7MMbbl and net to the Company is 5.7MMbbl. The total Proved+Probable+Possible BOE for the Project is 19.1MMbbl, and net to Company at 7.3MMbbl. McDaniel's current Proved+Probable reserves are similar to these used in the ODP by CNOOC.

Based on the gas sale agreement with Zhejiang Gas and McDaniel's view of the full product price, together with the development costs spent to date and commercial arrangement made by Primeline relating to the Development, McDaniel estimates a net present value before tax for the LS36-1 project's Proved+Probable Reserves, net to Primeline, of US\$115 million at a discount rate of 5% and US\$203million, again net to Primeline, when the Possible Reserves in LS 36-1 are included. It should be noted that these estimates of net present values are not estimates of fair market value.

Developed reserves are not assigned as McDaniel noted that there was still significant expenditure to be spent on the Development as of March 31, 2013 (although, subsequently, the work has been largely completed as noted above), but proved reserves have been assigned compared to 2012 report. Sufficient well capacity has been established to meet the contracted gas deliverability.



Additionally, McDaniel evaluates that there are Prospective Resources in other untested sands and in the lower geological section beneath the developed zone which as yet cannot be assigned as Reserves under COGEH guidelines. McDaniel has estimated 143Bcf of unrisks mean and 72 Bcf of risks mean Prospective Resources within the LS36-1 gas field with average chance of success of over 50%, or over 70% for the upper 3 main sands. Primeline intends to drill the prospective resources from the production platform using some of the 5 unused drilling slots, and McDaniel acknowledged that, if successful, the resources could be upgraded to reserves and added to the production stream.

McDaniel also evaluated the 3D area surrounding the LS36-1 and assessed that the three prospects close to LS36-1 Development have a combined mean unrisks Prospective Resources of 499Bcf with a chance of success ranging between 14% and 28%. The mean risks Prospective Resources figure is 128Bcf.

McDaniel commented that “The development of the LS36-1 field provides an infrastructure hub in the area which may be utilized in any development of the nearby prospects; there is spare capacity in this infrastructure to accommodate future expansion. It is envisaged that development of these prospects will either be by wells drilled from the existing platform using the 5 spare well slots on the platform, by subsea wells or using a well head platform with all processing at the infrastructure hub. Incremental development costs will therefore be low and so that the economics for any additional resources which may be discovered within LS36-1 field itself or in the nearby identified prospects would be significantly enhanced. The initial production plateau from 1P, 2P and 3P reserves may then be extended and/or the production level can be increased subject to reserve volumes and market demand.”

The effective date of McDaniel’s evaluation is March 31, 2013. A summary of the McDaniel's report is available on Primeline’s website: <http://www.pehi.com>.

Mr Victor Hwang, Chairman of the Company, commented: “This year has been a challenging yet very productive year. We are delighted that the Development is now virtually complete and that, after 20 years of working on this project, we are finally about to achieve gas production and cashflow to the Company.”

### **About Primeline Energy Holdings Inc.**

Primeline is an exploration and development company focusing exclusively on China resources for 20 years and will become a strategic supplier of gas and oil to the East China market within 12 months. Primeline has a 75% Contractor’s interest in and is the operator of the petroleum contract with CNOOC for Block 33/07 (5,877 sq km) 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 Limited (acting as Operator for the development) together with Primeline and Primeline Petroleum Corp. (“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.



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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 [bren@chfir.com](mailto:bren@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 anticipated timing of first gas production from the LS36-1 gas field and cash flow from the production for the Company. Actual results may be different to the anticipated forecast and the first gas production may be delayed due to reasons beyond the Company's control. Exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.

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