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TSXV: PEH

NEWS RELEASE

**PRIMELINE SIGNS 3D SEISMIC SURVEY CONTRACT AND AGREEMENT FOR A BROKERED PRIVATE PLACEMENT**

**Primeline Energy Holdings Inc.** ("Primeline" or the "Company") (TSXV: PEH) today announced that its wholly owned subsidiary, Primeline Energy Operations International Ltd. ("PEOIL") has entered into a turnkey contract for a 600sq km 3D seismic survey ("the Survey") as part of its rolling development and exploration program. A brokered private placement is proposed to fund the Company's share of the cost of the Survey.

PEOIL has entered into an agreement dated 13<sup>th</sup> December 2013 (the Turnkey Contract") with China Oilfield Services Ltd. ("COSL") under which COSL agreed to carry out the acquisition and processing of data for the Survey on a turnkey basis for Primeline.

Under the Turnkey Contract, COSL will complete the acquisition of 3D seismic data over 600sq km. in Block 33/07 using 3D seismic survey vessel, Hai Yang Shiyan 718. The Survey will commence once the vessel is released from its annual maintenance, which is expected to be sometime around the end of January 2014. The Survey is expected to be completed by mid-April 2014. Following completion of the Survey, COSL will also be responsible for processing the data acquired. COSL will supply all necessary equipment, services and personnel for the Survey.

COSL is the leading integrated oilfield services provider in offshore China and is listed on the Hong Kong (2883:HK) and Shanghai Stock Exchanges.

Primeline has existing 3D seismic data covering the LS 36-1 gas field development and its surrounding prospects. The area to be surveyed is located to the north of and adjacent to this existing 3D seismic data area. The Survey is intended to provide better definition of the prospect leads that have been identified in the survey area using 2D data in order to generate more drillable



prospects. Completion of the Survey will satisfy part of Primeline's work commitment under Petroleum Contract 33/07, which requires a 600sq km seismic survey and two exploration wells in the first Exploration phase, which ends on 31<sup>st</sup> October 2015.

Based on the Turnkey Contract, the cost of the Survey is expected to be approximately US\$7.6 million and the cost of processing the data is expected to be US\$580,000. The cost of the Survey will be borne by Primeline and Primeline Petroleum Corporation, a company 100% owned by Primeline's Chairman and majority shareholder Mr. Victor Hwang, in the proportions 75/25, representing their respective interests in Petroleum Contract 33/07. Accordingly, the net cost to Primeline is expected to be US\$5.7 million for the Survey and US\$435,000 for the data processing.

Prior to its execution, Primeline obtained confirmation from Mr. Hwang that he would underwrite the cost of the Survey in order to enable Primeline to enter into the Turnkey Contract. Primeline is planning to raise the funds required for its share of the costs of the Survey pursuant to the private placement referred to below.

### **Private Placement**

Primeline has entered into an engagement letter for a brokered private placement (the "Private Placement") of up to 12,727,273 units ("Units") at \$0.55 per Unit on a best efforts basis with D&D Securities Inc. (the "Agent"). Each Unit will consist of one common share and one-half of one warrant (a "Warrant"). One whole Warrant will be exercisable to purchase a common share at a price of \$0.90 per share for two years from the date of issue. Primeline will have the right to accelerate expiry of the Warrants if the volume weighted average closing price of the common shares on the TSX Venture Exchange exceeds \$1.35 per share for 10 consecutive trading days by giving notice, whereupon the Warrants will expire 30 days from the date of notice. The Agent will be the lead agent for the Private Placement and additional co-agents may be added. The Agent will be paid a cash commission of 7% of the gross proceeds of the Private Placement and will be issued Agents' Warrants exercisable to purchase a number of common shares equal to 8% of the number of Units sold at a price of \$0.55 per share for two years from the date of issue. The Private Placement is subject to TSX Venture Exchange acceptance and execution of a formal agency agreement.

### **Development Progress**

The LS36-1 gas field development is progressing well with CNOOC Limited, as operator, having completed about 95% of the development work. The remaining development work to be completed



is the construction of the final onshore section of 3 km of the gas sales pipeline, commissioning of the facility and final connection to the provincial gas grid followed by trial production. The current planned first gas date is in the first half of 2014.

The development establishes gas infrastructure in the southern East China Sea basin and secures access to the dynamic gas market in East China. In order to build on the foundation provided by this infrastructure, Primeline and CNOOC are implementing a rolling development strategy in order to exploit the additional reserves in the basin which can then be delivered to market using the existing facilities. The Survey is the first step in the step-out exploration program planned to be executed as part of this strategy.

### **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 (5,877sq 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 Corporation. Shares of Primeline 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 [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 time in which the Hai Yang Shiyuan 718 is expected to become available, the costs of the Survey and the related data processing and Primeline's expectation that funding arrangements will be completed. They are based on assumptions that the Turnkey Contract will be completed on a timely basis and within the expected costs and that funding arrangements can be completed. The Turnkey Contract may not be completed on a timely basis, costs may exceed those expected and it may not be possible to complete funding arrangements. Exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.*

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