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PRIMELINE'S Q3 SEES BETTER PRODUCTION AND REVENUES

HONG KONG – February 29, 2016 - Primeline Energy Holdings Inc. (“Primeline” or the “Company”) (TSXV: PEH) today announced it has filed its interim unaudited financial statements for the quarter ended December 31, 2015 (“**Financial Q3**”) and related management discussion and analysis (“**MD&A**”). Copies of these documents may be obtained on www.SEDAR.com under Primeline’s profile or Primeline’s website at www.pehi.com.

During Financial Q3, the LS36-1 gas field saw improved production and sales. The volume sold under the LS36-1 Field Natural Gas Sale and Purchase Contract (the “**GSC**”) between CNOOC (China) Limited (“**CCL**”) and Zhejiang Natural Gas Development Co. (“**Zhejiang Gas**”) during Financial Q3 was 56 million cubic metres (mmcm) or an average of approximately 21 million cubic feet/day (mmcfpd). This is significantly higher than in the previous two quarters.

These better operational results were the main contributor to an improvement in the Company’s revenue to RMB166,114,205 (CAD\$35,089,608) in Financial Q3 from RMB 29,583,588 (CAD\$6,255,781) in the previous quarter (“**Financial Q2**”), resulting a gross operating profit of RMB 130,225,261 (CAD\$27,508,505) versus RMB4,890,005 (CAD\$1,032,954) in Financial Q2. However, Financial Q3 posted a loss of RMB25,455,442 (CAD\$5,377,149) primarily due to depreciation and foreign exchange translation losses on Primeline’s project bank loan (the “**Syndicate Facility**”) and interest charges.

As reported in previous quarters, the substantial build out of long distance pipelines and LNG terminals along China’s East Coast, the general slowdown of China’s economy and the decline in the oil price since 2014, have resulted in an oversupply of gas in the region and lower prices. This has led to pressure from Zhejiang Gas for a reduction of the base price in the GSC and for a long term adjustment mechanism to follow market prices.

CCL and Primeline have been in negotiations with Zhejiang Gas since February 2015 to try to settle the issues relating to Zhejiang Gas’ request for price adjustment. However, there has been no agreement as to any price reduction or a long term price adjustment mechanism to replace the current fixed price arrangement.



Due to the reduced gas offtake during the previous two periods, and despite improved off-taking during Financial Q3, the 2015 annual total offtake was lower than the contractual take-or-pay quantity. CCL has issued an invoice for the consequent 78 mmcm shortfall against the annual take-or-pay quantity in 2015 of 195 mmcm to Zhejiang Gas.

As a result of the continuing negotiations, Zhejiang Gas has made only partial payment of invoices rendered since June 2015, pending resolution of the price adjustment issue, and the recent take-or-pay shortfall invoice has not yet been paid. Primeline has accrued these accounts receivable, given it anticipates full collection and, where applicable, a deferred income liability has been recorded. As a result, the Company's trade receivables increased in Financial Q3 to RMB275,590,858 (CAD\$58,215,221) from RMB5,939,825 (CAD\$1,254,716) in Financial Q2.

Primeline has demanded in the strongest terms that CCL, Primeline's partner and sales agent, ensures that Zhejiang Gas pays the balance remaining of the partially paid invoices, pays the take-or-pay invoice in full and otherwise complies with all its obligations under the GSC. The Company notes that CCL's parent company, CNOOC, owns 30% of Zhejiang Gas and CNOOC with its partners (including Primeline) supplies approximately 40% of the natural gas market in Zhejiang. Primeline understands that there are others supplying natural gas to the Zhejiang gas market at lower prices. Primeline has responded to Zhejiang Gas' request, and participated with CCL in the negotiations for a reasonable adjustment. However, Primeline maintains that the agreed base price of gas in the GSC should still apply during the initial stage of production as the GSC's formal delivery period only started on January 1, 2015 and that any compromise pricing has to allow the Company to be able to service the Syndicate Facility at a minimum.

Primeline is pursuing a resolution aggressively and has reserved all its rights under the GSC and the Petroleum Contract. The Company is prepared to take such action as may be necessary and available if the current discussions do not conclude in a satisfactory manner in the near future. The Company will report separately on the progress.

Primeline believes longer-term fundamentals remain positive given the underlying growth prospects of the Chinese gas market even in the context of the country's widely reported lower short-term economic growth. Currently, gas represents only 5% in China's energy mix and 3% in Zhejiang Province, compared with 25% internationally. With the further development of regional and local gas grids, Primeline believes gas consumption will continue to expand in China, particularly in East China, and that current surplus capacity will be quickly absorbed by the anticipated growth. Zhejiang Gas has notified Primeline and CCL that the offtake for 2016 is scheduled to be 225 million cubic metres (mmcm), equivalent to the increased annual take-or-pay quantity for that year specified in the GSC.



About Primeline Energy Holdings Inc.

Primeline is an exploration and production company focusing exclusively on China natural resources to become a major supplier of gas and oil to the East China market. Primeline has a 100% Contractor's interest in, and is the operator of the petroleum contract with CNOOC for Block 33/07 (5,877sq km) and a 49% interest in the producing LS36-1 gas field in Block 25/34, together with CNOOC (51% interest and acting as Operator). Both blocks are located in the East China Sea. LS36-1 has been in production since July 2014. 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”
Ming Wang
Chief Executive Officer

CONTACT:

PRIMELINE ENERGY HOLDINGS INC.

Dr. Ming Wang
CEO
Phone: +44 207.499.8888
Fax: +44 207.499.2288
Toll Free: +1 877.818.0688
Email: IR@pehi.com

CHF INVESTOR RELATIONS

Cathy Hume
CEO
Phone: +1.416.868.1079 x231
Toll Free: +1.877.838.1079
Email: cathy@chfir.com

VSA CAPITAL LIMITED

Andrew Raca
Head of Corporate Finance
Phone : +44 203.005.5000
Email: ARaca@vsacapital.com

Please visit the Company's website at www.pehi.com. Should you wish to receive Company news via email, please email john@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 Primeline's expectations that Zhejiang Gas will honour its obligations under the GSC with regard to the take-or-pay quantities and payments. Although Primeline believes these assumptions to be reasonable, actual results may vary from those anticipated in such statements. Zhejiang Gas may not honour its contractual obligations and if such happens, the Company's financial situation will be materially and adversely affected.

Neither the 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.