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NEWS RELEASE

PRIMELINE ANNOUNCES REPAYMENT OF TRANCHE A BONDS

Hong Kong, August 15, 2018 – Primeline Energy Holdings Inc. (“Primeline” or the “Company”), listed on the TSX Venture Exchange Inc. (the “TSX-V”) under the trading symbol “PEH”, announced today that, through the support of its Chairman and major shareholder, it has repaid its outstanding US\$ 10 million principal amount Tranche A Bonds (the “Tranche A Bonds”) issued to GRF Prime Limited (“GRF Prime”), in accordance with their terms, on August 14, 2018. GRF Prime is a private equity fund managed by GEMS Investment Management Services Limited, a Hong Kong based manager of private equity funds (“GEMS”)

The Tranche A Bonds were due for repayment on August 14, 2018 and the redemption amount due, including the redemption premium, amounted to approximately US\$11,300,000 (“Redemption Amount”). Primeline has been in discussions with GEMS since mid-2017 with respect to an extension of the Bonds in order to defer the repayment date to a later date to allow time to complete the hearing of the arbitration against CNOOC (“CNOOC Arbitration”) and receive the ruling of the tribunal. The hearing of the CNOOC Arbitration is fixed to take place in Singapore in September 2018. However, the Company was not able to comply with the terms demanded by GEMS as a condition for its agreement to the extension and such discussions were terminated last week when GEMS confirmed that it required that the Tranche A Bonds be repaid on the maturity date.

As a result of Primeline’s previous dispute with Zhejiang Gas and Primeline’s continuing dispute with CNOOC, the Company suffered a severe loss and reduction of cash flow with resultant difficulties in meeting its financial obligations, particularly its bank debt service obligations. The lending banks, being China Development Bank, China Export and Import Bank and Shanghai Pudong Development Bank (jointly “Syndicate Banks”) which financed the Company’s investment in the LS36-1 development project, however, have been extremely supportive and, in 2016, agreed to a restructuring of the loan terms with an improvement in the commercial terms.

The Tranche A Bonds are unsecured. All cash flow from Primeline’s LS36-1 gas field is charged to and controlled by the Syndicate Banks and it has not been possible to secure the release of funds with which to repay the Tranche A Bonds. As a result, the Company did not have sufficient funds available to repay the Tranche A Bonds.

London England
Fourteen South Audley Street
London W1K 1HN
England UK
Tel +44 20 7499 8888
Fax +44 56 0372 5179

Hong Kong China
Hong Kong Parkview
88 Tai Tam Reservoir Road
Hong Kong China
中國香港大潭水塘道88號 陽明山莊
Tel 電話 +852 2810 5511
Fax 圖文傳真 +852 2810 0667

Shanghai China
Suite 1209, Tower 3, Changning Raffles City
1193 Changning Road
Shanghai 200051 China
中國上海長寧路1193號 長寧來福士廣場
3號樓1209室 郵編 200051
Tel 電話 +86 21 6468 6462
Fax 傳真 +86 21 2287 8967



The refusal by GRF Prime to agree to an extension of Tranche A Bonds put the Company in an extremely difficult position ahead of the CNOOC Arbitration hearing in September and the Company is extremely disappointed by the action taken by GEMS on behalf of GRF Prime.

However, Primeline is extremely pleased to announce that the Company has secured support from Mr. Victor Hwang, Primeline's President, Chairman and majority shareholder, to allow the Company to pay the Redemption Amount due in respect of the Tranche A Bonds and remain in good standing at this crucial time.

Payment of the Redemption Amount due on the Tranche A Bonds has been funded by a loan of US\$11,300,000 from Mr. Hwang. Mr. Hwang's loan will be secured by the issuance by Primeline of US\$11,300,000 principal amount of bonds (the "**New Bonds**") having the same terms as the Tranche A Bonds. The Tranche A Bonds' were for an initial three-year term expiring on August 14, 2018, extendable at the election of the holder for two additional periods of one year. Accordingly, the New Bonds will be deemed to have been issued on 14th August 2018 and will be for an initial period of one year, extendable for a further year at the option of the holder, and will otherwise be on the same terms, mutatis mutandis, as the Tranche A Bonds. Interest will be payable on the New Bonds quarterly at 7% per annum, of which 4.5% will be payable in cash and 2.5% in ordinary shares of Primeline ("**Shares**") issued at a deemed price per Share equal to the higher of (i) the closing price of the Shares on the TSX Venture Exchange (the "**TSX-V**") on the day before; and (ii) the volume-weighted average trading price of the Shares on the TSX-V for the 10 days preceding the interest payment date. The New Bonds are convertible, at the option of the bondholder, at any time during the period commencing four months and a day following the date of issuance up to the date that is 10 days prior to the date of maturity of the New Bonds, into Shares at a conversion price of CAD\$0.70 per Share. The issuance of the New Bonds is subject to TSX-V approval.

The issuance of the New Bonds is a "related party transaction" for Primeline within the meaning of Multilateral Instrument 61-101 ("**MI 61-101**"), in that Mr. Hwang is Primeline's President, Chairman and majority shareholder. Primeline will rely on the exemption from the valuation requirement of MI 61-101 at Section 5.5(b) of MI 61-101, which it is entitled to do as none of its securities are listed on the Toronto Stock Exchange or certain other stock exchanges outside of the United States and Canada. Primeline will rely on the exemption from the minority approval requirement of MI 61-101, on the basis that (i) repayment of the Tranche A Bonds, in the absence of the loan from Mr. Hwang, would have resulted in serious financial difficulty for Primeline; (ii) the loan and the issuance of the New Bonds is designed to improve the financial condition of Primeline; (iii) Primeline is not insolvent; (iv) Primeline has one or more independent directors in respect of the transaction, and (v) the Primeline's board, and at least two thirds of the independent directors, each acting in good faith, have determined that (i) and (ii) apply, and that the terms of the transaction are reasonable in the Primeline's circumstances. Primeline believes it is reasonable and necessary in the circumstances that this press release is filed less than 21 days before the loan from



Mr. Hwang, as Primeline required the loan from Mr. Hwang in order to meet its urgent short-term cash requirements.

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 (4,397sq 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 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.

Signed "Ming Wang"
Chief Executive Officer

Contact:

PRIMELINE ENERGY HOLDINGS INC.

Dr. Ming Wang, CEO
PH: +44 207.499.8888
Fax: +44 207.499.2288
Toll Free: 1.877.818.0688
E-Mail: IR@pehi.com

FronTier Merchant Capital Group

Robin Cook
1411-1 King Street West
Toronto, ON M5H 1A1
PH: (416) 809-1738
FAX: (866) 749-0447
E-Mail: robin@frontiermcg.com
www.frontiermcg.com

Please visit the Company's website at www.primelineenergy.com. Should you wish to receive Company news via email, please email robin@frontiermcg.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 expectation that it will complete the offering of the New Bonds. Although these statements are based on assumptions management believes to be reasonable, actual results may vary from those anticipated in such statements. Primeline may be unable to complete the offering of the New Bonds due to inability to obtain necessary regulatory approval, or other factors. If Primeline is unable to complete the transactions, it may have to curtail or cease its operations. Exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.

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.