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NEWS RELEASE
AWARD IN CNOOC ARBITRATION RECEIVED

Hong Kong, June 15, 2020 - Primeline Energy Holdings Inc. (“Primeline” or the “Company”), announces that it has received the award in its previously announced arbitration with CNOOC and China National Offshore Oil Corporation (“CCL”).

Primeline’s primary claim in the arbitration was that breaches of Petroleum Contract 25/34 (under which the LS 36-1 gas field project in which Primeline holds a 49% interest, and CCL holds a 51% interest, was constructed) by CNOOC and CCL entitled it to termination of the contract and related agreements, and to resulting damages. Primeline’s secondary claim was that, if the arbitral tribunal found Primeline was not entitled to termination of the contract, it was entitled to damages resulting from such breaches. The arbitration tribunal found that Primeline was not entitled to termination. The tribunal also found that Primeline’s secondary claim for breaches of the contract did not justify an award of damages.

In their counterclaim, CNOOC and CCL claimed for termination of the contract, and for damages for breach of the contract by Primeline. While the tribunal denied CNOOC’s claim for termination, it upheld claims made by CNOOC in under its counterclaim for amounts of approximately \$US 30 million, plus interest, which it alleged Primeline owed to it under the Petroleum Contract and related agreements prior to commencement of the arbitration.

While Petroleum Contract 25-34 therefore remains in force, as previously announced, Primeline is in default under its credit facility with the syndicate of banks that provided finance for its portion of the LS 36-1 gas field. Primeline is unable to pay the award of damages to CNOOC and fully service the debt because of significantly reduced cash flow from the project and will now be unable to remedy the default. Primeline is therefore now insolvent. Primeline will meet with the banks shortly to determine how they wish to proceed.

About Primeline Energy Holdings Inc.

Primeline is an exploration and production company focusing exclusively on China natural resources under petroleum contracts with CNOOC in the East China Sea. The LS36-1 Gas Field has been in production since July 2014. Shares of Primeline are listed for trading on the TSX Venture Exchange under the symbol PEH.

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