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NEWS RELEASE

**PRIMELINE FILES 2017 ANNUAL OPERATIONAL RESULTS
AND FINANCIAL STATEMENTS**

Hong Kong, August 1, 2017 – Primeline Energy Holdings Inc. ("Primeline" or the "Company") (TSXV: PEH) today announced that it has filed its annual audited financial statements for the year ended March 31, 2017 and related management discussion and analysis, and its annual information form containing the annual reserve audit by McDaniel. Copies of these documents may be obtained at www.sedar.com under Primeline's profile or on Primeline's website at www.primelineenergy.com

Annual Operational Results

During the year ended March 31, 2017 the Company has:

- settled the two year long dispute with Zhejiang Natural Gas Development Ltd ("Zhejiang Gas") on the implementation of the gas sales contract, in which settlement confirmed the terms of the gas sales contract, including the take-or-pay obligations, and received the full settlement payment, which has restored the cash flow to normality;
- produced gas from LS36-1 gas field without incident and delivered approximately 184 mmcm of natural gas gross to Zhejiang Gas compared to last year of 134 mmcm (Company's share: 49%);
- completed the drilling of the adjustment well LS36-1-A4M which was put into production in June 2016; and
- reduced the production expenditures (Opex) despite the increase in production and sales.

Annual Financial Results

As a result of the increased gas production and the settlement of the dispute with Zhejiang Gas:

- the Company increased its oil and gas revenues to a record level of RMB 514 million (C\$100 m) during the fiscal year 2017, as compared to RMB 179 million (C\$35 m) for the previous year, notwithstanding the challenging market conditions and the related disputes with Zhejiang Gas and CNOOC;
- EBITDA (a financial measure which does not have any standardized meaning under the IFRS and therefore may not be comparable to similar measures presented by other issuers



but provides useful information to investors as a measure of underlying cash generations) was RMB 293 m (C\$57 m);

- however, after the substantial depreciation charge of RMB 229 m (C\$44 m) and the foreign exchange loss of RMB 99 m (C\$19 m) resulting from the sharp depreciation of the RMB against the US\$, the Company's yearly net loss was RMB 131 m (C\$25 m).

In Q4 2017, the Company booked a profit of RMB 133 m (C\$ 25 m). This is the first quarter that the Company recorded a profit.

The operations and financial results in the last 12 months were generally in line with or better than management's expectations compared to year ended 2016. Through management's efforts, the Company has survived an extremely difficult time against the back ground of tough economic conditions and an oil industry downturn. The Company has achieved a good financial performance in terms of operational cash flow but, due to the non-cash items in the form of depreciation and exchange loss, the Company still has booked a significant loss for the 2017 fiscal year end.

Dispute Resolution

CNOOC and Primeline agreed that the settlement of the disputes with Zhejiang Gas and COSL would not affect or halt the arbitration commenced against CNOOC which includes claims in respect of mismanagement by its subsidiary CCL in relation to the development and production of LS36-1 and breach of fiduciary duties as agent under the gas sales contract.

In accordance with the procedure as set by the tribunal for the arbitration against CNOOC, Primeline formally filed the Statement of Claim together with all supporting documents on April 5, 2017 and Primeline is currently waiting for the defence statement from CNOOC/CCL, which is due on or before September 25, 2017. The total amount claimed in the Statement of Claim is up to RMB 2.18 b.

The Company will continue to seek a negotiated resolution of the dispute with CNOOC and CCL but if the matters go to the completion of arbitration, the Company believes the terms of the agreements entered into in relation to the development will be upheld and the Company's rights will be protected. The Company expects that the disputes with CNOOC and CCL will be resolved to the Company's satisfaction and that together with a gradually improving economic climate, the Company's financial and operational setting will improve and provide a solid base for future expansion.

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.

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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. A number of these statements relate to the Company's expectations with respect to the outcome of its arbitration action with CNOOC. However, they also relate to issues which might arise before the conclusion of the arbitration, such as: the financing of, and the results of, the Company's exploration programme; assumptions that production and sale from LS36-1 will proceed in accordance with the Gas Sales Contract and other relevant agreements. Although these statements are based on assumptions management believes to be reasonable, actual results may vary from those anticipated in such statements. Sufficient cash flow and/or external finance may not be available to the Company for exploration and it may then be in breach of its obligations under Petroleum Contract 33/07. The arbitration may not be successful. Zhejiang Gas may not comply fully with its obligations under the Gas Sales Contract. Any such event may materially and adversely affect Primeline's financial position. 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.