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NEWS RELEASE

**PRIMELINE FILES NOTICE OF ARBITRATION AGAINST CNOOC**

**Hong Kong, June 9, 2016. Primeline Energy Holdings Inc.** (“Primeline” or the “Company” references to which include its subsidiaries) (TSXV: PEH) today announces that it has sent a Notice of Arbitration to China National Offshore Oil Corporation (“CNOOC”) and CNOOC China Limited (“CCL”) (together “CNOOC Group”) giving formal notice of the commencement of arbitration proceedings against CNOOC Group pursuant to the UNCITRAL Arbitration Rules and the provisions of the Petroleum Contract for Block 25/34 (“CNOOC Arbitration”).

As announced on May 24, 2016, the CNOOC Arbitration relates to Primeline’s continuing disputes with CNOOC Group with regard to the development, production and sales of gas from the LS36-1 Gas Field (“LS36-1”). The claims, which are the subject of the CNOOC Arbitration, include:

- Claims in respect of CCL’s mismanagement as operator, and CNOOC’s position as guarantor for the same, following the transfer of operatorship in 2010 to CCL, in relation to the development and production of LS36-1. The mismanagement resulted in delay in the completion of the development and commencement of production, which led to loss of revenue, increased cost and devaluation of the project and the current project falling below the design level.
- Claims in respect of CNOOC Group’s breaches of good faith and wrongful conduct relating to CCL’s role as agent for the Gas Sales Contract with Zhejiang Natural Gas Development Limited (“Zhejiang Gas”) and conflict of interest in dealing with Zhejiang Gas’ breaches of the Gas Sale Contract.

Primeline has appointed an arbitrator and notified CNOOC Group of such appointment on May 16, 2016. Pursuant to the UNCITRAL Arbitration Rules and the arbitration agreement under the Petroleum Contract for Block 25/34, the second arbitrator is expected to be appointed by the CNOOC Group following which an ad hoc tribunal comprising three arbitrators shall be constituted in due course.

Primeline’s statement of claim will be submitted when the tribunal is formed. Further progress and details will be announced in due course.



### **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 (4,397 sq. 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](mailto: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](mailto:cathy@chfir.com)

*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 [john@chfir.com](mailto: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.*

*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.*