

PRIMELINE ENERGY HOLDINGS INC.

**c/o The Hong Kong Parkview Group Ltd.
88 Tai Tam Reservoir Road
Hong Kong**

PRIMELINE ANNOUNCES PROGRESS OF DRILLING OPERATION

Contact: Brian Chan,
Vice-President and Director,
Tel: (852) 28105511 Fax: (852) 28100667

Investor relations: Peter Kelty
Tel: 1 (800) 499-0988 Fax: (604) 278-0670

Hong Kong, August 20, 1997

Symbol: PEH

NEWS RELEASE

Primeline Energy Holdings Inc. ("Primeline"), a Vancouver Stock Exchange (VSE) listed company, today announced the progress of the drilling operation. Vicky-1 well in Primeline's Block 32/32, East China Sea, offshore China, has made significant progress following the spud-in on the 25th of July, 1997 (China time). The well has so far reached a depth of 2128m. Primeline's main target zones are between 2300-3000m and planned total depth is 3200m. Technically, all the geological intervals penetrated so far match very well with the prognosis. Primeline expresses continuous confidence on the outcome of this exploration well.

Unfortunately, the operation was affected by two tropical storms (typhoons) within a fortnight span, the drilling programme was delayed and currently is about 12 days behind schedule. The latest typhoon passed the well location 2 days ago and the drilling is anticipated to resume on August 21, 1997. Primeline's financial burden was limited by the weather downtime contingency (US\$30,000) as part of the Turnkey Costs in the Contract signed between Primeline and China Offshore Southern Drilling Co.

Primeline is the only exchange-listed oil and gas exploration company focused on upstream opportunities in China.

"Brian Chan"
Vice-President and Director

The Vancouver Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.