



## **PRIMELINE ENERGY HOLDINGS INC.**

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***FOR IMMEDIATE RELEASE***

**6<sup>th</sup> August 1999**

### **PRIMELINE ANNOUNCE THE 3D INTERPRETATION RESULTS**

Primeline Energy Holdings Inc. (“Primeline”, the “Company”) announces that the Company has recently completed the current round of interpretation incorporating the 2D and 3D seismic data recently acquired over the Vicky (Lishui 36-1) discovery and the surrounding structures in Block 32/32.

On February 1998, the Company announced the result of the initial post well evaluation of the Vicky discovery. The result of this initial post well evaluation indicated a most likely recoverable hydrocarbon gas reserve of 660 billion cubic feet (bcf) with a regional potential resources of over 4 trillion cubic feet (Tcf) in the so call “Vicky Play” (within 20 km radius of Vicky). This was based on a 2D seismic mapping of the maximum closure area of 35 sq. kms.

As the Company announced earlier, the 3D seismic acquired in 1998 and the reprocessing of regional 2D seismic data provides significant supplementary information to assist the planning of appraisal drilling. This current round of interpretation, conducted by Primeline and its consultant team, confirmed Primeline’s original view that the Vicky discovery and the regional hydrocarbon potential is significant. The 3D seismic mapping confirmed the extent of structural closure of Vicky (of a maximum area of 39 sq. km). Interpretation also confirmed the wide distribution of the prominent seismic attribute similar to that of Vicky Reservoir in the surrounding areas, in particular, in the satellite structural closures. Geological and petrophysical models have also been further refined.

Primeline and the China Offshore Oil Donghai Corporation (CODHC), a subsidiary of China National Oil held a Technical Committee Meeting and a Joint Management Committee (JMC) meeting in Shanghai, China recently to discuss each party’s interpretation result. At these meetings, consensus has been reached of the interpretation and the reserve estimate. With the new 3D data and subsequent re-evaluation of the potential, the estimated most likely recoverable hydrocarbon reserve of the Vicky field is 705 bcf, a slight increase from the previous estimate but with much higher confidence. At the meeting, both parties also confirmed that following the recent 3D and 2D seismic interpretation and regional geological evaluation, the recoverable natural gas resource potential in the so called “ Vicky Play” (within 20 km radius of Vicky) is in the order of around 4 Tcf. This figure is similar to the previous estimation but again with much higher confidence following the recent round of evaluation.

Primeline’s method of probablistic reserve estimation is an international industrial practice in exploration. However, since Vicky is a “frontier discovery”, the hydrocarbon discovered cannot be assigned as either “proven” or “probable” reserve as defined in Canadian National Policy Statement 2-B at this time.

The Management of Primeline is optimistic about the prospects for exploitation of its Vicky discovery. Primeline is continuously working with Wenzhou Municipality Authority, evaluating various end user options for gas utilization in Wenzhou. The Wenzhou region has a dynamic economy and the city is

located only 140 km from the Vicky discovery. The Wenzhou authority has recently completed a thorough natural gas market survey, which shows a significant existing natural gas market with excellent growth potential. Primeline is also continuing discussions with several international utility and energy companies over the utilization of future gas production from Block 32/32.

Gas utilization has become a new focus of the Chinese government's energy policy where currently natural gas only constitutes about 2% of entire energy mix, considerably lower than the international average. This new policy trend towards greater use of gas will generate greater interest in the natural gas industry and Primeline is well positioned to be among the first to benefit from these emerging opportunities.

Primeline is currently planning to prepare and design of the appraisal drilling programme. The Company will draw up next phase of appraisal/exploration programme in the next three months.

Primeline owns a 75% interest in Block 32/32 in the East China Sea. Primeline is exclusively focused on oil and gas exploration and upstream business opportunities in China. The Company's shares are listed on the Vancouver Stock Exchange under the symbol "PEH"

On behalf of the Board of Directors:

"Peter C. Kelty"

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Mr. Peter C. Kelty  
Director, Primeline Energy Holdings Inc.

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

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