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NEWS RELEASE

PRIMELINE RESOLVES ZHEJIANG GAS DISPUTE

Hong Kong, March 1, 2017 – Primeline Energy Holdings Inc. (“**Primeline**” or the “**Company**”) (TSXV: PEH) today announced settlement of the dispute with Zhejiang Natural Gas Development Company Ltd. (“**Zhejiang Gas**”) in relation to the Gas Sales Contract for LS36-1 (“**GSC**”).

As previously announced, the Company has been in dispute with Zhejiang Gas since April 2015 regarding the price payable under the GSC. Zhejiang Gas did not pay in full for gas delivered, did not off-take in accordance with the GSC and failed to make payment under the take-or-pay arrangements, all of which significantly impacted Primeline’s cash flow. CNOOC China Ltd. (“**CCL**”) is a joint seller and acts as agent for Primeline under the GSC. After lengthy negotiations by CCL and Primeline with Zhejiang Gas without agreement, Primeline commenced arbitration proceedings against Zhejiang Gas before the China International Economic and Trade Arbitration Commission (“**CIETAC**”) in April 2016, requiring Zhejiang Gas to make full payment for the gas off-taken and comply with the take-or-pay obligations set out in the GSC.

Following extensive negotiations, CCL and Primeline entered settlement agreements with Zhejiang Gas on March 1, 2017. The settlement is based on a pricing arrangement that results in Primeline receiving:

- the original price agreed under the GSC for its share of gas delivered up to December 31, 2016; and
- then at a price which represents a reduction of about 7% from the GSC price, fixed from January 1, 2017 for the rest of the GSC delivery period.

Pursuant to the settlement:

- Primeline will receive approximately RMB 256 million (CAD\$49 million) net of VAT for its share of all outstanding unpaid or partly paid amounts due for natural gas delivered to the end of 2016 and for the 2015 and 2016 take-or-pay payments;
- Primeline will withdraw the CIETAC arbitration against Zhejiang Gas;
- once the settlement payment is received, Primeline will settle its own overdue payment owed to China Oilfield Services Limited (“**COSL**”) in the order of RMB116 million (CAD\$22 million) in relation to the 2015 drilling contract and COSL will withdraw its arbitration proceedings against Primeline.



Further details will be announced when these settlement transactions are completed.

This settlement represents the culmination of considerable effort on all sides and fully resolves the current dispute with Zhejiang Gas and, in addition to the significant one-off cash flow to the Company, provides ongoing financial security to meet finance obligations and to make plans necessary for further investment in the assets.

However, the settlement does not affect or halt the previously announced ongoing arbitration against CNOOC and CCL under the Petroleum Contract in relation to the LS36-1 development and production which was commenced in June 2016 and which is continuing.

Dr. Ming Wang, CEO of Primeline commented: “Primeline has always favoured a negotiated solution for the disputes, despite having been forced to resort to the formal process of arbitration. We are delighted that after a long and hard battle, Primeline’s commercial interest has been protected and we believe the deal represents the best possible outcome in the current market conditions. The agreed settlement enables us to look forward to normal production in the LS36-1 field and a stable cash flow. The settlement achieved demonstrates that our team has the ability to manage a difficult situation and our continuous effort in other aspects of corporate activities will hopefully bring better results for the Company in the future.”

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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Please visit the Company's website at www.pehi.com. Should you wish to receive Company news via email, please email 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. Although these statements are based on assumptions management believes to be reasonable, actual results may vary from those anticipated in such statements. 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 release.