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NEWS RELEASE

**PRIMELINE UPDATE ON CNOOC ARBITRATION AND APPLICATION FOR INTERIM
INJUNCTION AGAINST CNOOC AND CCL**

Hong Kong, November 15, 2017 – Primeline Energy Holdings Inc. (“Primeline” or the “Company”), listed on the TSX Venture Exchange Inc. under the trading symbol “PEH”, announced today the following update on the arbitration proceedings against China National Offshore Oil Corp (“CNOOC”) and CNOOC China Limited (“CCL”) (“CNOOC Arbitration”).

As previously announced, Primeline commenced arbitration proceedings against CNOOC and CCL under the dispute resolution provisions of Petroleum Contract 25/34 in accordance with the UNCITRAL Arbitration Rules 1976. Primeline filed the formal Notice of Arbitration on June 6, 2016 and the tribunal (comprised of three arbitrators) was formed on August 30, 2016 with the seat of arbitration agreed to be Singapore. Primeline has claimed in respect of CCL’s mismanagement as operator of the LS36-1 gas field, resulting in delay in the commencement of production of LS36-1 gas field from 2013 to 2014 leading to loss of revenue, increased cost and the project falling below its design level; and in respect of CCL’s breach of good faith and wrongful conduct as Primeline’s agent in dealing with Zhejiang Gas and managing the Gas Sales Contract for LS36-1; and against CNOOC as guarantor of CCL, and CNOOC’s other obligations under the Petroleum Contract and affiliated agreements.

Primeline filed the Statement of Claim together with all supporting documents on April 25, 2017, in which Primeline has claimed that CNOOC and CCL have committed multiple material breaches of the Petroleum Contract 25/34 which entitle it to relief including termination of the contract and other related arrangements, which claim is to be determined by the arbitral tribunal in its final award. Primeline believes CNOOC and CCL have a significant conflict of interest in relation to their dealings with Zhejiang Gas (in that CNOOC has an ownership interest in Zhejiang Gas) which has contributed to the above breaches contrary to the provisions of Petroleum Contract 25/34 and PRC law (including the principles of good faith).

In accordance with the procedure fixed by the tribunal, CNOOC and CCL filed their Statement of Defence and Counterclaim on October 17, 2017 and the parties have just exchanged details of documents requested for disclosure. Primeline is due to file its Response to the Statement of Defence and Counterclaim on or before March 26, 2018. The final hearing of the arbitration is scheduled for mid-September 2018.

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As part of their defence and counterclaim, CNOOC and CCL have put in a counterclaim against Primeline in the order of RMB400 million, and served a notice purporting to terminate Petroleum Contract 25/34 with effect from 15 January 2018, based on claims that Primeline should not have served a termination notice in the arbitration, was not entitled to pursue certain other claims in the arbitration and should pay disputed amounts of approximately RMB117 million.

Petroleum Contract 25/34 provides that the claimed termination of the contract by either party on grounds of alleged unremedied material breach of contract must have been judged and determined by a final award of the arbitral tribunal pursuant to the provisions set out in the contract. Therefore, the relief claimed by Primeline includes a final award to determine and confirm Primeline's right to terminate Petroleum Contract 25/34, and affiliated arrangements, and to order CNOOC and CCL to pay Primeline in the order of RMB2.19 billion, which represents Primeline's wasted expenditure in connection with the LS36-1 gas field, plus costs. If such claim for termination is not upheld, Primeline's alternative claim is for damages arising from each of CNOOC and CCL's breaches of Petroleum Contract 25/34 and related agreements on the basis that the contract, under which Primeline has a 49% interest in the LS36-1 gas field, continues in effect.

Primeline does not believe that CNOOC and CCL have any valid grounds on which to terminate the Petroleum Contract and the amount claimed to support their counter termination notice is far from material considering the size of the project (in the order of several RMB billions). Further, in any event, under the Petroleum Contract, any purported termination by CNOOC and CCL must be determined by final award of the arbitral tribunal in the CNOOC Arbitration, after a merits hearing. Primeline has pointed out this contractual requirement to CNOOC and CCL but it was informed by CNOOC and CCL that they intended to terminate and cease to comply with Petroleum Contract 25/34 and related agreements effective on January 15, 2018, without following the contractual mechanism for termination, i.e. without the prior determination of the tribunal by final award in the CNOOC Arbitration).

Primeline regards CNOOC and CCL's purported termination as an act constituting a further breach of Petroleum Contract 25/34.

Since CCL is the Operator and agent for sales of Production from LS36-1 gas field and collects and distributes the revenue, such purported unilateral termination by CNOOC and CCL on 15 January 2018, if unrestrained, will give rise to immediate and serious financial consequences for Primeline, including under the terms of the loan from the banking syndicate which provided project finance for LS 36-1 to Primeline. In particular, it will give rise to the immediate occurrence of one or more event(s) of default under the loan agreement, triggering acceleration of all amounts owed. Such acceleration would likely result in Primeline's insolvency and seizure of its assets.

Primeline has therefore requested the arbitral tribunal to set a hearing date at the earliest practicable time and related procedural directions for an application on its behalf for urgent interim relief from the arbitral tribunal to restrain CNOOC and CCL from giving effect to their purported termination by ceasing to comply further with the Petroleum Contract on January 15, 2018. CNOOC and CCL



have opposed Primeline's request and indicated that they will also oppose its application for interim relief in due course. CNOOC and CCL have also proposed certain alternative arrangements which are not, however, workable or acceptable to Primeline. The arbitral tribunal's response to Primeline's request for a hearing date and related procedural directions is awaited.

Such interim relief is sought in order to ensure that any purported termination by CNOOC and CCL cannot be effected unilaterally in the manner they intend to do but must be subject to review and determination (confirmation or rejection) by final award of the tribunal as part of the CNOOC Arbitration. Further announcement will be made to update the progress.

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. These statements relate to Primeline's belief that it will be successful in obtaining an injunction restraining CNOOC and CCL from giving effect to the purported termination of the Petroleum Contract 25/34 on January 15, 2018, that it will ultimately be successful in the CNOOC Arbitration, and that Primeline's banking Syndicate will not demand immediate repayment of all amounts owed under the project facility. Although these statements are based on assumptions management believes to be reasonable, actual results may vary from those anticipated in such statements. Primeline may not obtain the injunction it is seeking, and if not CNOOC and CCL's termination of Petroleum Contract 25/34 as of January 15, 2008 will be effective. If Primeline does obtain the injunction it is seeking, it may nevertheless ultimately be unsuccessful in the CNOOC Arbitration. If it is successful, Primeline may not be able to enforce the award of the arbitral tribunal. In any of these events, Primeline's banking Syndicate may demand immediate repayment of all amounts owed under the project facility. This would likely result in Primeline's insolvency, and seizure of its assets. Exploration for oil and gas is subject to the inherent risk that it will not result in a commercial discovery.

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