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NEWS RELEASE

**PRIMELINE ANNOUNCES OPERATIONAL AND ARBITRATION UPDATE AND BANK
LOAN DEFAULT – OPERATIONS TO CONTINUE**

Hong Kong, May 21, 2019 – Primeline Energy Holdings Inc. (“Primeline” or the “Company”), listed on the TSX Venture Exchange Inc. under the trading symbol “PEH”, announced today updates on operations and the timing of the award in Primeline’s arbitration (the “CNOOC Arbitration”) with China National Offshore Oil Corp and CNOOC China Limited (“CCL”), and a default in relation to the principal repayment terms of its project finance facility (the “Syndicate Facility”).

Operational Update

As previously reported, in September 2018, at the time of the main hearing of CNOOC Arbitration, CCL reduced production from LS36-1 to 60% of the previous production level as the A5 well, which represented only about 13% of the LS 36-1 gas field’s total production, stopped producing as a result of water ingress. As a precaution, CCL also reduced production from well A1M which drains the same reservoir. Subsequent investigations showed that the water in the A5 well was not formation water but leaked completion fluids. As such, Primeline believes there was no reason to reduce production from the A1M well and that CCL as Operator should repair the A5 well. Notwithstanding this finding, CCL proposed that the production level of the LS 36-1 gas field for the year 2019 should be reduced to a total sales gas quantity of only 102.31mcmpa, which would be the equivalent of approximately 33% of the annual contract quantity (“ACQ”) under the gas sale contract with Zhejiang Gas under which production from the gas field is sold. At that level of production, the gas sales revenue and Primeline’s cash flow would be greatly reduced.

Primeline has been pressing CCL, as Operator, to carry out remedial work and increase production in order to increase revenue but CCL has been slow to take any action. In January 2019, the Joint Management Committee established by CCL and Primeline for the project, instructed CCL to carry out further work to the A5 well to restore production. Belatedly, this has now happened and, on May 11, 2019, CCL recommenced coiled tubing operations to again lift water in the A5 well bore and that operation is currently in process. Irrespective of the success or otherwise of this operation, Primeline will continue to urge CCL to increase production.

In the meantime, the arbitral tribunal in the CNOOC Arbitration has now provided an indication that the final award is expected “before the end of the summer”, slightly later than originally

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anticipated. As previously reported, the submission and hearing procedures of the CNOOC Arbitration, which commenced in April 2016, were completed in December 2018.

Loan Repayment Default – Operations Continuing

As a result of revenue being significantly reduced due to the reduction in production from the LS 36-1 gas field since September 2018, it was impossible for Primeline to make full repayment of principal in accordance with the agreed schedule, which was based on production according to the ACQ and resulting revenue. Primeline informed its lending banks of the reduction in production and operational forecast made by CCL and, in November 2018, the lending banks, being China Development Bank, China Export and Import Bank and Shanghai Pudong Development Bank (jointly “Syndicate Banks”), which have been extremely supportive to date, agreed to an adjustment of the principal repayment due in November 2018 so that part of that principal repayment was deferred and added to the principal repayment due in May 2019.

However, due to CCL’s failure to take measures to increase production levels referred to above, resulting in the continuation of the reduced cash flow, Primeline was unable to effect full repayment of the principal instalment due on May 20 2019 and, as a result, is now in default under the terms of the Syndicate Facility. The position of Primeline is that its inability to repay the principal instalment is a direct result of decreased revenue which is, in turn, due to the various defaults by CCL and CNOOC which form the basis of the claims made by Primeline in the CNOOC Arbitration.

However, as of May 21, the Syndicate Banks have confirmed that, notwithstanding the default, they will not take enforcement action but will continue to support Primeline in order to maintain production and operations until the award in the CNOOC Arbitration has been received. With such confirmation and support, the Company intends to maintain normal operations whilst waiting for the award. Further announcements will be made as and when there is any further development.

About Primeline Energy Holdings Inc.

Primeline is an exploration and production company focusing exclusively on China natural resources under petroleum contracts with CNOOC in the East China Sea. LS36-1 Gas Field 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 expectation that it will ultimately be successful in the CNOOC Arbitration, and that the Syndicate Banks will continue to take no enforcement action as a result of Primeline's default under the Syndicate Facility pending the making of the award in the CNOOC Arbitration. 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 be successful in the CNOOC Arbitration, and if it is successful Primeline may be unable to enforce the award of the tribunal. The Syndicate Banks may take enforcement action prior to the making of the award in the CNOOC Arbitration notwithstanding the confirmation referred to in this news release. Any of these events may result in Primeline's insolvency, and seizure of Primeline's assets. Primeline assumes no obligation to update forward-looking information, except as required by law. 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.