



Changfeng Announces Launch of a Gas & Electricity Exchange Program for Additional Gas Quota for Its Operation in Sanya City, Hainan Province, China

February 22, 2012

Toronto, Ontario, February 22, 2012– Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”), is pleased to announce that the Company has launched a Gas & Electricity Exchange Program (the “Program”) that will allow the Company to have an additional annual gas quota of approximately 5 million cubic meters (176,573,000 cubic feet) until 2015 for its operation in Sanya City through an approximately RMB 10 million (\$1.6 million) investment to build power transmission facilities for a small-capacity gas fired power plant in Sanya city. The Program was initially discussed in August 2011, under the coordination of the local government, with China National Offshore Oil Yacheng Operation Co., Ltd. (“CNOOC Yacheng”) and Hainan Power Grid Corporation Sanya Power Supply Bureau (“Sanya Power”), and agreed to launch on February 20, 2012.

The Program will involve building a power transmission line and associated facilities linking to the provincial power grid for Sanya Power to provide electricity to CNOOC Yacheng’s gas receiving terminal in Sanya city. In return, CNOOC Yacheng will shut down its small-capacity natural gas fired power plant and agree to transfer approximately 5 million cubic meters (176,573,000 cubic feet) of natural gas annually until 2015, which is equivalent to the annual volume of natural gas currently consumed by this power plant, to the Company. Currently, this power plant generates electricity by use of the natural gas from the CNOOC’s Ya13-1 Gas Well that is located approximately 100-km offshore in the South China Sea.

The Company has engaged Hainan Weite Power Transmission and Transformation Co. (“Hainan Weite”) for the construction. The proposed construction will be split into two phases. The investment for the phase (I) is expected to be approximately RMB 8.0 million (\$1.3 million), and be ready to provide electricity to CNOOC Yacheng and thus commence exchanging gas for the Company by the middle of 2012. The anticipated investment for the phase (II) is RMB 2.0 million (\$0.3 million) for further improvements.

Currently, the Company has an annual gas quota of 24 million cubic meters (847,552,000 cubic feet) (“Quota Gas”) until 2015 for Sanya city, which is also supplied by the CNOOC’s Ya13-1 gas well.

“We are very pleased with the launch of the Gas & Exchange Program, as it reflects the collective efforts by both the Company and local government to address the gas shortage situation in Sanya city”, Mr. Huajun Lin, the Chairman and CEO of the Changfeng stated, “We believe the purchase price for the exchanged gas will be much lower than what we currently paid for additional gas in the form of either LNG or CNG. As a result, a reasonable profit would still be generated on any additional gas sold in excess of our Quota Gas and thus enable the Company to meet the increasing gas demand in Sanya city.”

About China National Offshore Oil Yacheng Operation Co., Ltd. (“CNOOC Yacheng”)

China National Offshore Oil Yacheng Operation Co., Ltd. (“CNOOC Yacheng”), a subsidiary of China National Offshore Oil Cop., (“CNOOC”), is mainly engaged in the South China Sea and Yingge Sea basin oil and gas exploration and control, development, production and sales, warehousing pipeline, including the Ya13-1 offshore production platform, the Nanshan base gas receiving terminal in Sanya city. Y13-1 offshore gas fields are supplying natural gas to Hong Kong, Sanya Nanshan base and Sanya city through undersea gas pipelines.



About Changfeng Energy Inc.

Changfeng Energy Inc., is a natural gas service provider with operations located throughout the People's Republic of China. The company services industrial, commercial and residential customers, providing them with natural gas for heating purposes and fuel for transportation. The Company has developed a significant natural gas pipeline network as well as urban gas delivery networks, stations, substations and gas pressure regulating stations in Sanya City & Haitang Bay. Through its network of pipelines, the company provides safe and reliable delivery of natural gas to both homes and businesses. The Company is headquartered in Toronto, Ontario and its shares trade on the Toronto Venture Exchange under the trading symbol "CFY". For more information, please visit the company website at www.changfengenergy.com.

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