



Changfeng Announces Regulatory Approval of Its Xiangdong Project with 50-Year Concession Rights in Pingxiang City, Jiangxi Province, China; Conditional Renewal of RMB 30 million Line of Credit

March 13, 2012

Toronto, Ontario, March 13, 2012 – Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”), is pleased to announce today that, further to its gas quota approval and commencement of construction as announced on November 23, 2011, the Company has received the final regulatory approval of its Xiangdong project from the Jiangxi Provincial Development and Reform Commission of the People’s Republic of China, and conditional renewal of its RMB 30 million line of credit with the Bank of China (Sanya branch).

Regulatory Approval of the Xiangdong Project

The provincial approval finally secures the Company’s 50-year concession rights (2010-2059) to operate the natural gas distribution business in the existing administrative region of Xiangdong district, in Pingxiang city, Jiangxi province, China, and the Pingxiang Industrial Ceramic Park (the “Park”) in the Xiangdong district. Preliminary 50-year concession rights were originally granted to the Company by the Xiangdong district government as announced on May 26, 2010.

With receipt of the provincial approval, the Company is working with a local bank for the project financing to fund its second phase construction. Currently, the first phase construction of pipelines and related facilities in the Park is being carried out and expected to commence supplying gas to the industrial customers in the Park by the middle of 2012.

“We are excited about the final regulatory approval for the Xiangdong project,” stated Mr. Huajun Lin, Chairman and CEO of the Company, “We’ve been working on this project for more than 20 months, and this approval is not only a key milestone for the Xiangdong project, but also demonstrates another progress that we’ve made on the implementation of the Company’s business development plan on Mainland China along the Second West-East Pipeline. We will keep our ongoing efforts to implement our growth strategy and commitments to bring a long term value to both the Company and our valuable shareholders.”

Conditional Renewal of RMB 30 million Line of Credit

On March 7, 2012, The Company received a conditional renewal of its RMB 30 million (\$4.7 million) one-year line of credit (the “Credit Line”) with the Bank of China (Sanya Branch) (“BOC”) for another year, of which RMB 20 million (\$3.1 million) was initially drawn on March 12, 2011 and was repaid when it was due on March 12, 2012. The remaining RMB 10 million (\$1.6 million) was drawn on June 9, 2011 and will be due on June 8, 2012. The Credit Line is used for general working capital purposes, and will remain as part of the Company’s total RMB 130 million (\$19.7 million) loan facility with the BOC as announced on April 4, 2011.



The Company's line-of-credit has historically been a one-year facility requiring annual renewals or replacement. The conditional renewed credit facility contains the same collateral as with the prior facility. As part of the renewal, the Credit Line is subject to the preparation of the collateral-related documents for the further draws.

About the Xiangdong District and the Pingxiang Industrial Ceramic Park (the “Park”)

Xiangdong District is one of the three administrative districts of Pingxiang City, Jiangxi Province. It covers an area of 853 sq. kilometers and is the home of 500,000 populations. Xiangdong District is titled as the *Industrial Ceramic Production Capital of China*, which its annual industrial ceramic production accounts for 70% of the total national production in China.

The Park was initiated and built by the Xiangdong District Government in 2006 to integrate the ceramic industry by creating efficiencies. Its size is approximately 21.5 sq. kilometers and aims to introduce more than 70 ceramic production and related companies to this Park by 2015. Currently, there is 23 ceramic plants are built and under operation.

Natural gas, as a fuel for the ceramic kiln, is a clean and stable energy source. And its sustainable heat value is a guarantee for making fine ceramic product with high quality demand.

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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Forward-Looking Statements



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