



Changfeng Reports Continued Strong Revenue and EBITDA Growth in Fiscal Year 2011 and Provides Business Updates

April 30, 2012

Toronto, Ontario, April 30, 2012 – Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”), is pleased to announce that the Company has filed its audited consolidated financial results for the fiscal year ended December 31, 2011. The audited consolidated financial statements and Management Discussion and Analysis can be downloaded from www.SEDAR.com or from the Company's website at www.changfengenergy.com.

Summary of Consolidated Financial Results for the Fiscal 4th Quarter and the Fiscal Year ended December 31, 2011

| <i>(in thousands in \$Cdn) except percentages and per share data</i> | Q4 | | Q4 | | 2011 | | 2010 | |
|--|-------|-------|--------|-----|--------|--------|--------|-----|
| | 2011 | 2010 | Change | % | 2011 | 2010 | Change | % |
| Revenue | 8,929 | 7,157 | 1,772 | 25% | 28,176 | 22,135 | 6,040 | 27% |
| Gross profit | 4,285 | 3,341 | 944 | 28% | 11,708 | 10,329 | 1,380 | 13% |
| EBITDA | 2,511 | 1,858 | 653 | 35% | 5,900 | 4,018 | 1,882 | 47% |
| Net income | 888 | 583 | 305 | 52% | 1,371 | 956 | 415 | 43% |
| Basic and diluted EPS | 0.013 | 0.009 | 0.004 | 45% | 0.021 | 0.015 | 0.006 | 40% |

Revenues were \$28.2 million in 2011, an increase of 27% over 2010, while gross profits was \$11.7 million in 2011 or an increase of 13% over 2010. This increase reflects a combination of continued higher gas volume and increased connection fees from Sanya City as more customers were connected, and higher gas volume from our CNG refueling retail station, as well as higher selling prices.

Gross margin percentage for 2011 was 41.6% vs. 46.7 % for 2010. The year-over-year decrease in gross margin percentage was mainly due to (i) the relatively higher procurement price for purchases of additional volumes of natural gas in Sanya City to satisfy growing demand beyond our annual gas quota of 24 million m³ (approximately 847 million ft³), (ii) relative lower margin percentage on CNG gas sales, and (iii) the increased amortization expense. Amortization for 2011 was \$1.9 million, an increase of \$0.7 million, or 58.3%, from \$1.2 million in 2010 as a result of an additional depreciation expenses from the pipeline assets and associated facilities in Haitan Bay district that were put into operations in late 2010.

General and Administrative Expense for 2011 grew by 9.9% to \$5.1 million (18.0% of Revenue) from \$4.6 million (20.8% of Revenue) in 2010 primarily as a result of increased sales.

Net income for 2011 increased by \$0.4 million or 43% to \$1.4 million (\$0.021 per share, basic and diluted), from \$1.0 million (\$0.015 per share, basic and diluted) in 2010 as a result of increased sales, partially offset by increased interest expense.

EBITDA for 2011 was \$5.9 million, an increase of \$1.9 million, or 47%, from \$4.0 million for 2010 as a result of sales increases. EBITDA as a as a percentage of sales for 2011 was 20.9%, compared to 18.2% in 2010, representing an increase of 2.7% as a result of increases in revenue, partially offset by lower gross margin and increased business development expenses.

Revenues were \$8.9 million in the fourth quarter of 2011, an increase of 25% over the comparable quarter in 2010. The net income in the fourth quarter of 2011 was \$0.9 million (\$0.013 per share, basic and diluted), an increase of 52% over the comparable quarter in 2010.

2011 Accomplishments and Recent Highlights

In addition to continued growth in our existing operations, the Company also made significant progresses in executing our growth strategy by exploring strategic business development opportunities in mainland China along the PetroChina's Second West-East Pipeline.

- ❖ On March 29, 2012, the Company announced a proposed 49%-owned joint venture with CNPC Kunlun Natural Gas Exploitation Company Limited ("CNPC Kunlun Exploitation"), a wholly-owned subsidiary of PetroChina (or "CNPC"), to jointly develop natural gas distribution business in four prefecture-level cities in Guangdong Province, China, including Zhaoqing City, Jiangmen City, Foshan City and Zhuhai City. CNPC Kunlun Exploitation has received regulatory approval to develop this project. A formal cooperation agreement between the two parties is underway.
- ❖ On March 13, 2012, the Company announced final regulatory approval of its project in Xiangdong district, in Pingxiang City, Jiangxi province, China ("Xiangdong project"). The provincial approval finally secures its 50-year concession rights in this region.
- ❖ On February 22, 2012, the Company announced launch of a Gas & Electricity Exchange Program (the "Program") for its operation in Sanya City. The Program will allow the Company to acquire an additional annual gas quota of approximately 5 million m³ (Approximately 176,573,000 ft³) until 2015. This additional quota gas will enable the Company to keep pace with the growing demand for gas in Sanya city.
- ❖ On January 4, 2012, the Company announced regulatory approval of its proposed gas utilization project in Xiangtan city, Hunan province, China. The regulatory approval signals the operational launch to build the proposed liquefied natural gas ("LNG") processing plant ("the LNG Plant"). The LNG Plant will be owned, constructed and operated by its 50%-owned company Xiangtan Shin-Ko Energy Co., Ltd. ("Shin-Ko Energy") which was established in October 2011.

- ❖ On November 23, 2011, the Company announced commencement of construction of pipelines and related facilities of the Xiangdong project, in Jiangxi Province. In addition, the Jiangxi Provincial Bureau of Energy approved its application of natural gas quota for this project. Pursuant to the approval, from 2012 to 2015, the annual quota volume of natural gas to this project will be 15 million m³ (Approximately 525 million ft³) in 2012, 35 million m³ (1,225 million ft³) in 2013 and up to 50 million m³ (1,750 million ft³) in 2014 and 2015, respectively.
- ❖ On August 18, 2011, Changfeng announced establishment of a 51%-owned company Xiangtan Changfeng Natural Gas Co., Ltd. ("Xiangtan CF") to develop natural gas business in designated regions of Xiangtan City, Hunan province, China.

Financial Position

As at December 31, 2011, the Company had a working capital deficit of \$10.7 million, which includes \$6.1 million of interest payable and \$4.8 million of one-year line of credit. Interest payable is due on demand to Sanya Asset Management Corporation (a stated owned company) for the years ending in 2007.

In March 2011, in connection with its 10-year long-term bank loan of \$16.2 million (RMB 100 million) that was obtained from the Bank of China in January 2010, the Bank of China agreed to increase its loan facility by \$4.8 million (RMB 30 million) in the form of a one-year line of credit. The Credit Line is secured by the same collateral as that for its long term loan. The Credit Line was renewed for an additional year when it was due in March 2012.

"We are very pleased with our solid performance for 2011 with increases in gas volume, revenue and earnings from both our pipelined gas and CNG refueling station," stated Mr. Huajun Lin, Chairman and CEO of the Company, "we were particularly proud of our achievements in the business development in mainland China. Our focus for 2012 is to continue to execute our growth strategy by completion of the Phase I construction of the Xiangdong project and start supplying gas for this region in 2012, as well as securing gas quotas, regulatory approvals and project financing for the other projects under development."

Business Updates

Gas & Electricity Exchange Program, in Sanya City, Hunan Province

The upcoming construction work, further to its press release dated on February 22, 2012, is pending the confirmation by the subsidiary of CNOOC and its partners who owns and operates the Ya13-1 gas well in South Sea China. The Company's annual gas quota of 24 million m³ is also supplied by this gas well.

The Company expects that the construction work could begin by the mid-2012 and be wrapped up for the exchanged gas by third quarter of 2012.

First Phase of Construction Works in the Xiangdong Project, in Pingxiang City, Jiangxi Province



The first phase of construction work in the Xiangdong Project, in Pingxiang City, Jiangxi Province, China is making progress. The first phase of construction comprises a gate station where the Company receives, processes, stores and distributes the natural gas to its pipeline networks, and a 7,500 meters of frame pipeline in the Pingxiang Ceramic Industry Production Park (the “Park”). Currently, more than 4,500 meters of pipeline has been completed. Due to the unseasonal raining weather lag, the Company expects that the first phase of construction will be wrapped up and commences the supply of gas for the Park by the fourth quarter of 2012.

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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