



Changfeng Announces Commencement of the First Phase Construction of the Gas & Electricity Exchange Program in Sanya City, Hainan Province

May 28, 2012

Toronto, Ontario, May 28, 2012 – Changfeng Energy Inc., (TSXV: CFY) (“Changfeng” or the “Company”), is very pleased to announce today that, further to its press releases dated on February 22, 2012 and April 30, 2012, the first phase construction of the Gas & Electricity Exchange Program (the “Program”) has now commenced. The first phase of construction work was carried out pursuant to the confirmation of the subsidiary of China National Offshore Oil Corporation (“CNOOC”) and its partners who own and operate the Ya13-1 gas well in South Sea China. The subsidiary of CNOOC is also the supplier of the Company’s current annual 24 million m3 (847 million ft3) quota gas.

The construction is expected to be completed in two months. Upon completion of the first phase of construction of all transmission infrastructures necessary to exchange gas, the Program will enable the Company to acquire approximately 5 million m3 (177 million ft3) of natural gas annually until 2015 at a favorable price when compared to what we currently pay for Other Gas in the form of LNG/CNG.

The total investment related to the first phase construction is estimated to be approximately RMB 8.0 million (\$1.3 million), which will be funded from its existing cash on hand.

“We are very pleased with the commencement of construction of the Program”, Mr. Huajun Lin, the Chairman and CEO of the Changfeng stated, “As it would insure that the exchanged gas will be available for us starting in late 2012. In addition, we are also working closely with local government for other solutions to address the gas shortage and higher gas pricing for Other Gas in the form of LNG/CNG, such as a sales prices increase and/or a government subsidy in Sanya region.”

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

For further information please contact:

Mr. Kevin M. Zhang
Chief Financial Officer

Ms. Ann S.Y. Lin
Corporate Secretary



416.362.5032
kevin@changfengenergy.com

416.362.5032
ann@changfengenergy.com

Forward-Looking Statements

Information set forth in this news release may involve forward-looking statements under applicable securities laws. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although Management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein and accordingly undue reliance should not be put on such.

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