CHANGFENG ENERGY INC

长丰能源有限公司

Changfeng Reports First Quarter 2013 Financial Results, Net Income Up 54%

May 30, 2013

Toronto, Ontario, May 30, 2013 – Changfeng Energy Inc., (TSXV: CFY) ("Changfeng" or the "Company"), is pleased to announce that the Company has filed its unaudited condensed interim consolidated financial results for the first quarter ended March 31, 2013. The unaudited condensed interim consolidated financial results and Management Discussion and Analysis can be downloaded from www.SEDAR.com or from the Company's website at www.changfengenergy.com.

Summary of the First Quarter of 2013 consolidated Financial Results

in thousands in $Cdn except percentages and per share data	**Q1 2013**	**Q1 2012**	**Change**	**%**
Revenue	9,623	7,365	2,258	31%
Gross margin	5,509	3,902	1,607	41%
EBITDA	3,001	2,114	887	42%
Net income	1,273	826	447	54%
Basic EPS	0.020	0.013	0.007	54%
Diluted EPS	0.019	0.013	0.006	46%

Revenue for the first quarter of 2013 was $ 9.6 million, representing an increase of $2.2 million, or 31%, from $7.4 million for the same period of 2012. This increase is mainly attributable to continued gas volume growth (22%) and higher average selling prices for both its compressed natural gas ("CNG") refueling retail station in Changsha City and the natural gas distribution utility in Sanya City for commercial and industrial customers.

Gross margin for the first quarter of 2013 increased $1.6 million, or 41%, to $5.5 million from $3.9 for the comparable period in 2012. As a percentage of revenue, gross margin increased to 57% in the first quarter of 2013 from 53% in the same period of 2012.

As a percentage of revenue, gross margin of the gas distribution utility improved 6% (64% for the first quarter of 2013 versus 58% for the same period of 2012) reflecting the reduced volume of gas purchased at market rate prices and higher-value commercial customers from the Haitang Bay district in the Sanya Region. As a percentage of revenue, the gross margin of the CNG refueling station improved 2% (24% for the first quarter of 2013 versus 22% for the same period of 2012) primarily due to increases in selling price and operating costs that increased at a lower rate than gas volume sold.

General and administrative expenses for the first quarter of 2013 were $1.8 million, an increase of $0.5 million, or 44%, from $1.3 million in the same period of 2012. The increase was attributable to higher general expenses including higher employee salary and benefits as a result of a higher inflation rate in China, as well as because of the increase in sales. General and administrative expenses as a percentage of sales for the first quarter of 2013 were 18%, compared to 17% in the first quarter of 2012, representing an increase of 1%.

Travel and business development expenses for the first quarter of 2013 were $1.3 million, an increase of $0.2 million, or 21%, from $1.1 million in the first quarter of 2012. Travel and business development expenses as a percentage of sales for the first quarter of 2013 decreased to 14% from 15% in the first quarter of 2012. These expenses normally fluctuate with travel and business development activities in mainland China as the Company seeks to develop new projects in close proximity to the new national pipelines. The majority of travel and business development expenses does not relate to the Company's business in Sanya City or the CNG refueling station but instead to projects under consideration or development in mainland China.

Interest on long term debt for the first quarter of 2013 and the same period of 2012 was $0.5 million and $0.4 million, respectively, an increase of $0.1 million. The increase is due to the additional long-term loans obtained by the Company in the fourth quarter of 2012 and the first quarter of 2013.

EBITDA for the first quarter of 2013 was $3.0 million, an increase of $0.9 million, or 42%, from $2.1 million for the same period of 2012. The increase was driven primarily by higher sales. EBITDA as a percentage of revenue for the first quarter of 2013 was 31%, compared to 28% in the first quarter of 2012, representing an increase of 3% due to the sales increases but was partially offset by higher operating expenses, as discussed above.

Net income for the first quarter of 2013 was $1.3 million, or $0.020 per share (basic) and $0.019 per share (diluted) compared to $0.8 million or $0.013 per share (basic and diluted) for the same period in 2012, primarily due to the reasons discussed above.

Financial Position

Cash increased by $5.2 million to $11.6 million at March 31, 2013 from $6.4 million at December 31, 2012, primarily resulting from cash provided during the quarter by operating activities of $1.7 million, cash flow from financing activities of 5.5 million, offset by cash used during the quarter for capital expenditures of $2.2 million.

The working capital deficit as at March 31, 2013 decreased to $4.2 million from $12.2 million as at December 31, 2012, primarily resulting from the repayment of a portion of the Company's line of credit and the increase in current assets from long term debt financing.

On December 21, 2012, the Company entered into a term loan with Bank of China ("BOC"), Pingxiang for $3.3 million (RMB 20 million). As of March 31, 2013, the Company had withdrawn $2.5 million (RMB 15 million).

On January 15, 2013, the Company entered into an agreement with the BOC, Sanya to secure a bank loan facility in the amount of $8.2 (RMB 50 million). As of March 31, 2013, the Company had withdrawn $6.5 million (RMB 40 million).

Adjusted working capital

Adjusted working capital is calculated as current assets less adjusted current liabilities. Adjusted current liabilities are calculated as current liabilities, excluding:

i) deferred revenue in connection with gas connection fees, which are deferred when Changfeng receives payments from customers in advance of work having commenced and are recognized on the percentage of completion method; and

ii) the line of credit, as in China, typically, lines of credit are renewed when due.

The calculation of adjusted working capital is provided in the table below:

As at *in thousands in $Cdn*	**March 31, 2013**	**December 31, 2012**
Current assets	16,132	11,306
Less: Current liabilities	20,283	23,511
Working capital (deficit)	(4,151)	(12,205)
Add: Deferred revenue	9,776	8,911
Line of credit	1,634	4,791
Adjusted working capital (deficit)	**7,259**	**1,497**

Changfeng believes that adjusted working capital is a useful supplemental measure as it provides an indication of its ability to settle its debt obligations as they come due.

Mr. Huajun Lin, the Chairman and C.E.O. of the Company commented that “we had a very successful quarter and are pleased with the financial results driven by the gas sales volume increase in both the piped natural gas distribution operations in Sanya City and the CNG refueling station in Changsha City and the commencement of the piped natural gas distribution operations in Xiangdong District, Pingxiang City. Going forward, we are hopeful that we will have continuing market penetration in Sanya City and Xiangdong District, and will endeavor to expand the business in Mainland China to bring long-term sustainable value to the Company and our shareholders.”

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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