



Candax Provides Update on Debt Restructuring Plan

Toronto, Ontario, Canada – Candax Energy Inc. ("Candax") [TSX: CAX] is pleased to announce that the first steps of the debt restructuring plan announced on December 14, 2010 (the "Debt Restructuring Plan") have been completed.

Effective December 24, 2010, the Bank of Scotland, as sole lender under Candax's US\$45,000,000 bank debt (the "Bank Debt"), has assigned all rights and obligations under the Bank Debt to Geofinance N.V. ("Geofinance").

Geofinance has subsequently agreed to waive payment of an amount equal to US\$9,005,000 (representing a principal repayment of US\$8,000,000 and fees of US\$1,005,000 under the Bank Debt) otherwise due on December 31, 2010 until January 31, 2010. As detailed in the December 14, 2010 news release, payment by Candax of these amounts will be addressed under the terms of the final Restructuring Agreement (as this term is defined in the December 14, 2010 news release).

The Restructuring Agreement, including the issuance of new common shares of Candax upon the conversion of a portion of the Bank Debt, is expected to close in the first two weeks of January 2011.

Candax Energy Inc. is an international energy company with its head office in Toronto and offices in Tunis and Madagascar. The Candax group is engaged in exploration and the production of oil and gas and power generation in Tunisia and holds an interest in an exploration permit in Madagascar.

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This press release includes "forward looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production at El Bibane; delays or changes in plans with respect to exploration or development projects or capital expenditures; the risk that the transactions with Geofinance under the Debt Restructuring Plan may not complete; the ability of Candax to continue to service its debt; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Candax to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Candax to fund the capital and operating expenses necessary to achieve the business objectives of Candax, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Candax. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Candax Energy Inc. should not place undue reliance on these forward-looking statements.