



## **Candax Reports 2010 Results**

Toronto, Ontario, Canada - Candax Energy Inc. (TSX: CAX) announces its financial results for the year ended December 31, 2010 which results are presented in accordance with Canadian GAAP and the reporting currency is Canadian dollars.

Candax reports a loss for 2010 of \$26.7 million (\$0.08 per common share) compared to a loss of \$61.2 million (\$0.36 per common share) for 2009. The 2010 loss includes non-recurring operating costs related to the work-overs on the El Bibane field for approximately \$6.5 million and non-recurring general and administrative expenses related to severance payments made to the previous management, provisions for government claims, and various fees associated with the debt restructuring implemented in 2010 and with the Bank of Scotland term loan (the "Term Loan"). Some of these fees, as well as accrued interest of approximately \$600,000, were subsequently waived by Geofinance NV, as new sole lender under the Term Loan. Capital additions, not including the work-overs on the El Bibane field, in 2010 were \$3.3 million, compared to \$5.7 million in 2009.

Revenues for the year were \$0.7 million compared to \$28.1 million in 2009. The decrease in revenue was due to lower oil production in 2010 compared to 2009. Moreover, revenue was further suppressed by the uneven liftings, with approximately 35,000 net barrels of 2010 production remaining at year end in the Zarzis storage tanks. Production decreased in 2010 to 206 bopd from 2009 of 818 bopd as a result of production problems on the offshore El-Bibane field as well as disappointing results from the Ezzaouia 2010 work-over and side-track campaign.

As at December 31, 2010, Candax held cash and cash equivalents of \$2.8 million. The term loan was fully drawn for US\$45 million at year-end. As previously disclosed, the Term Loan was assigned to Geofinance NV on December 24, 2010 and was subsequently restructured on February 4, 2011, with a reduction in the principal amount to US\$23 million through the conversion of the balance into common shares of the Company, a lengthening of the repayment schedule and a decrease in the applicable interest rates.

### **Year End Reserves**

Candax also announces an update to its net reserves as of December 31, 2010, with total Proven plus Probable Reserves (2P) of oil 3.2 MMbbls (2009 – 3.5 MMbbls) and 4.4 MMboe. Proved Reserves of oil were 1.2 MMbbls (2009 – 1.1 MMbbls) and 2.0 MMboe. Overall there is a stability in the Proved plus Probable Reserves.

The net present value (NPV) of the future cash flows (escalated price forecast, after tax and discounted at 10%) attributable to the 2P reserves is valued at \$91.4 million (compared to \$138.5 million in 2009) due to capital expenditures for two new wells being forecast by Ryder Scott on El Bibane.

An independent engineering report was prepared by Ryder Scott Company Petroleum Consultants for all of Candax's producing properties in Tunisia. The report was prepared in accordance with NI 51-101 guidelines and additional disclosure on the reserves and valuations is included in Candax's Annual Information Form. The Contingent Resources have not been updated from those reported in Company's AIF filed on SEDAR on April 8, 2008.

Candax has filed its audited financial statements and accompanying notes for the financial year ended December 31, 2010 and related management's discussion and analysis and its Annual Information Form with the Canadian securities regulatory authorities. Copies of these disclosure documents may be obtained under the profile of Candax at [www.sedar.com](http://www.sedar.com).

Richard Norris, President and CEO of Candax, stated:

"2010 was a busy and important transition year for Candax. We are very pleased to have successfully resolved many outstanding issues at the corporate level. Most important was the debt restructuring that was announced just prior to year-end and finalized in the first quarter of 2011. This restructuring significantly strengthened the Company's balance sheet and provides Candax with the time and ability to properly analyze and redevelop its assets. For the first time since the first quarter of 2009, the "going concern" cautionary statement has been removed from the Company's financial statements and management's discussion and analysis.

2010 delivered mixed results on operations – the reconnection of the EBB-3 well and the reestablishment of production in the third quarter was a positive step despite the lower levels of hydrocarbon production; however delays on the Ezzaouia work program and disappointing results did not significantly increase production from the Ezzaouia field. We are looking forward to the results of the reservoir study that is currently being undertaken on the El Bibane field and our re-interpretation of Ezzaouia seismic should lead to additional infill drilling locations. On Robbana, the recently announced results of the reservoir study and the direct measurements of pressure are extremely encouraging and have confirmed our vision that this field has significant upside potential -- a development plan for early production is now being high graded. In Madagascar, we are working on the finalization of Environmental Impact Assessments on the two main exploration prospects identified so-far on the Block. Candax is also initiating a thorough technical analysis of key assets and workshops and studies on the promising high impact assets such as Belli and the Deep Triassic. Building on the work to date, our 2011 program focuses on increasing production to higher, sustainable levels to provide a solid platform for growth."

#### **About Candax Energy Inc.**

Candax Energy Inc. is an international energy company with its head office in Toronto and offices in London, 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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