

Candax Announces Agreement in Principle for Proposed IFC Investment

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Candax Energy Inc. ("Candax") (TSX:CAX) is pleased to announce that it has agreed in principle to the main terms of a private placement of up to 178,000,000 units (the "Units") at a price of \$0.055 per unit for gross proceeds of \$9,790,000 with IFC (the International Finance Corporation), the member of the World Bank Group focused on private sector investments in developing countries. No agreement has been signed yet between the parties and there are no assurances that any agreement will be signed. IFC has publicly disclosed its proposed investment, as is IFC's practice, and will seek approval from its Board after a 30 day period. The proposed investment in Candax would be on the following terms: Each Unit will be comprised of one common share ("Common Share") and one common share purchase warrant ("Warrant") (the "Offering"). Each Warrant will entitle IFC to purchase one Common Share of Candax at any time during the 36 months following the closing date of the Offering. The Warrants would be exercisable at \$0.08 per Common Share. These Warrants, if exercised, would provide additional funding to Candax of \$14,240,000. Closing of the Offering would be subject to a number of conditions, including completion of IFC's confirmatory due diligence, approval by IFC's Board of Directors, approval of the Toronto Stock Exchange and the finalization and execution of definitive agreements, including a shareholders agreement between IFC and Geofinance N.V. ("Geofinance"), as current majority shareholder of Candax. The subscription agreement will also include covenants as to good corporate governance so long as IFC is a shareholder in Candax.

Geofinance and IFC have reached agreement in principle on the main terms of such a shareholder agreement providing for, among other things: a right of IFC to put its Common Shares and Warrants to Geofinance in the event of a breach of either the subscription agreement or the shareholders agreement; a non-compete covenant between Geofinance and Candax on behalf of Geofinance and its affiliates in Tunisia, Morocco, Turkey and Egypt; a right of first refusal for Geofinance in the event that IFC transfers any of its warrants and a tag along right in favour of IFC in the event that Geofinance transfers any common shares of Candax.

It has also been agreed that senior management of Candax will be invited to participate in the transaction by investing up to \$2,000,000 in additional Units on the same terms as the Units being purchased by IFC.

The TSX has indicated that it would likely require the approval of shareholders of Candax other than Geofinance and any insiders purchasing Units as a condition of TSX approval. Accordingly, Candax expects to call a special shareholders meeting to be held as early as possible in 2012 to consider the above transactions. Closing would be expected to occur early in 2012 if binding agreements are signed with IFC in mid-December.

To date, IFC has undertaken a thorough review and due diligence of Candax' assets and processes, including a site visit and technical, environmental, social and financial analyses. As part of IFC's proposed investment, Candax would be required to meet IFC's environmental, social and safety standards in the ongoing and future development of its projects. In connection with the Offering, IFC will have certain rights, including without limitation, information, policy and pre-emptive rights.

Benoit Debray, Chairman of Candax, commented: "We are very pleased and excited to have reached an agreement in principle with IFC as a proposed strategic investor in Candax. This investment by a large, world-class investor would, if completed, be a strong vote of confidence in Candax's assets and employees. This would be a very important milestone in Candax's history and we are looking forward to working hand in hand with IFC to create value for all shareholders of Candax and to implement environmental and social best practices in Tunisia."

Funds from the proposed IFC investment would be used to advance Candax's projects in Tunisia, notably the development of its Robbana field.

About IFC

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. IFC fosters sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital and providing advisory and risk mitigation services to businesses and governments. IFC's new investments totalled \$18 billion in fiscal 2010. For more information on IFC, visit www.ifc.org.

About Candax

Candax 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 in Tunisia and holds an interest in an exploration permit in Madagascar.

This news 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, the fact that no agreement has yet been signed with IFC and there are no assurances that any agreement will be signed or if it is signed that the conditions precedent to closing will be satisfied or waived, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; 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.

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