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Candax Provides Update on Block 1101 Madagascar

July 25, 2011 - Toronto, Ontario, Canada – Candax Energy Inc. (“Candax”) [TSX: CAX] is pleased to announce that it has entered into a binding agreement to farm-down a major part of its working interest and operatorship of Block 1101 in Madagascar to Afren Plc (“Afren”). Candax will subsequently hold a 10% working interest in Block 1101 with Afren holding 90%. The commercial terms involve the repayment of certain back costs and include a share of future production royalties. Both the transfer of working interest and operatorship have been approved by the Government of Madagascar.

Consent has also been received to combine the first and second exploration periods of the Petroleum Sharing Contract for Block 1101. This will allow the partnership to acquire additional data prior to drilling. The work program is being extended to include a new airborne gravity/mag survey as well as an additional 150 kilometres of 2D seismic.

Richard Norris, President and CEO of Candax commented, “Although Block 1101 in Madagascar is a very exciting and world-class exploration block, its frontier nature and its sheer size does not fit with Candax’s current focus on optimizing production from our Tunisian assets. Afren is extremely well positioned to assume operatorship of Block 1101, with an established track record of operating key projects elsewhere in Africa and significant in-house technical resources available to ensure that the acreage is fully explored. We would also like to recognize the extremely active and supportive participation of both OMNIS and MMH in Madagascar, who clearly share our view that, going-forward, an Afren led exploration program will provide the maximum opportunity for early exploration success on Block 1101.”

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.

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