



## **Candax Enters into Investment Agreement with Geofinance NV**

Toronto, Ontario, Canada – Candax Energy Inc. (“Candax”) [TSX: CAX] announces that the Company has entered into an investment agreement (the “Agreement”) with Geofinance NV, an international upstream oil and gas company (“Geofinance”). Under the terms of the Agreement, Geofinance will invest (the “Transaction”) C\$13,000,000 in Candax to purchase 144,444,444 units of Candax (the “Units”) at a price of C\$0.09 per Unit, each Unit comprising one common share and 0.6 of one common share purchase warrant (each whole warrant a “Warrant”). The Warrants may be exercised for a period of one year from the date of the closing of the Transaction at a price equal to the current market price (calculated on the basis of a five day volume weighted average trading price for the common shares of Candax) on the date of exercise. At closing, Geofinance will own 144,444,444 common shares of Candax representing approximately 46% of the issued and outstanding shares. If all of the Warrants are exercised, Geofinance will own 231,111,110 common shares in aggregate representing approximately 58% of the issued and outstanding common shares of Candax. The Transaction is scheduled to close in March 2010 (the “Closing”), subject to the satisfaction of certain conditions described in further detail below. Completion of the Transaction is also subject to receipt by Candax of all necessary regulatory approvals, including that of the Toronto Stock Exchange.

The Agreement has the unanimous support of the board of directors of Candax and Actis LLP and management, who collectively own approximately 42% of the outstanding common shares of Candax, also support the Transaction. Candax intends to obtain shareholder approval for the Agreement by written consent and has engaged Laurel Hill Advisory Group to solicit support (see below).

The Agreement also provides for the resignation of Michael Wood as President and CEO and as a director at Closing. Richard Norris, who is currently employed by an affiliate of Geofinance, will be appointed as CEO on Closing. In addition, there will be other changes to the senior management team and board of directors at Closing.

Adrian Loader, Chairman of Candax, stated:

“We are pleased with this strategic investment by Geofinance. This transaction not only brings some significant new equity funding to Candax but also provides a strong technically experienced shareholder. The investment by Geofinance will provide Candax with the funding to undertake the remedial work on the El Bibane field and this combined with the Bank of Scotland facility restructuring that is currently being negotiated, provides Candax with a significantly enhanced capital base and balance sheet.

The board of directors would like to take this opportunity to thank Michael Wood for his enthusiastic leadership since the founding of Candax and his contributions to both the board and the management of Candax, often during some challenging operational and economic events. Michael has been one of the major contributors bringing this important and strategic investment to a successful conclusion and I am pleased that he has agreed to provide some ongoing advice and support to Candax after Closing.”

Geofinance NV is an international upstream oil and gas company that produces approximately 5,900 bpd of crude oil. Geofinance and its affiliates have operations in France, Vietnam and India and they also own stakes in four exploration blocks in Yemen. Geofinance also owns 38.5% of Geoservices, a large oilfield services company with annual sales in excess of US\$500 million. Geofinance and its affiliates (not including Geoservices) employ approximately 60 people.

Thomas Rebilly, Director of Geofinance NV and Chairman of Geopetrol SA, a subsidiary of Geofinance which owns the producing assets in France, commented about the investment of Geofinance in Candax stating:

“Providing there is positive shareholder support, we believe that Geofinance’s investment and technical assistance should enable Candax to implement the necessary measures to resolve the current production problems in Tunisia, which in conjunction with a broader re-structuring of Candax and tight cost controls will help to build a stronger business base with enhanced cash flows, reduced debt and thus unlock value for its shareholders. The key short term focus will be to fix the production issues and in the medium term, Candax should be able to resume its growth.”

Candax also reports that the restructuring of the Bank of Scotland loan facility, which was announced in a press release of the Company on December 24, 2009, continues to be progressed and the waiver previously obtained has been extended through to February 28, 2010.

## Summary of Additional Terms of the Transaction

The completion of the Transaction is subject to the satisfaction of a number of conditions including the following: (i) conditional approval of the TSX to the listing of the common shares to be issued or reserved for issuance pursuant to the Agreement, (ii) the Company shall have entered into an amended and restated agreement with the Bank of Scotland on terms acceptable to Geofinance, (iii) there having been no material adverse change in the Company since the date of the Agreement and other customary conditions for this type of transaction.

Under the terms of the Agreement, Geofinance will have the right to nominate two of the six directors to the board of directors of the Company from time to time and will initially nominate Thomas Rebilly and Richard Norris.

Candax has also agreed not to solicit competing proposals but has the right to accept an unsolicited Superior Proposal (as defined in the Agreement) if the board considers such action necessary to avoid breaching its fiduciary duty to act in the best interests of the Company. If the board accepts such a Superior Proposal it must immediately pay Geofinance C\$6,000,000.

## Laurel Hill Advisory Group

Shareholders wishing to vote in favour of the Agreement are directed to contact Laurel Hill Advisory Group at 1 877 304 0211 or collect 416 637 4614 or [assistance@laurelhillag.com](mailto:assistance@laurelhillag.com) to sign the form of consent.

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.

For further information, please contact:

Hubert Roudot, Geofinance NV at +33 1 70 61 76 50 or Bob Gray, Principal, Simmons & Co International Ltd. (financial advisor to Geofinance NV) at + 44 (0) 20 7053 1000.

Geofinance was advised by McCarthy Tétrault LLP (Robert Brant, + 44 (0) 20 7489 5700) as Canadian legal counsel and McGrigors LLP (Paul Sutton, + 44 (0) 7054 2500) as English legal counsel.

Charlotte May, Corporate Secretary, Candax at 416 364 3353 or [cmay@candax.com](mailto:cmay@candax.com).

Jeanny So, Account Manager, CHF Investor Relations at 416 868 1079 ext. 225 or [jeanny@chfir.com](mailto:jeanny@chfir.com).

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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, the risk that the conditions precedent (some of which are beyond the control of the parties) for completion of the transaction with Geofinance will not 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 uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Candax Energy Inc. 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 Energy Inc. to fund the capital and operating expenses necessary to achieve the business objectives of Candax Energy Inc., 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 Energy Inc. 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. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.