



## **Candax Reports Second Quarter 2010 Results**

Toronto, Ontario, Canada – Candax Energy Inc. ("Candax") [TSX: CAX] reports revenues of \$Nil for the second quarter of 2010 compared to \$10.4 million for the same period in 2009. Due to the lack of revenues in the second quarter, the Company had negative cash flow from its operating activities of \$6.7 million compared to positive cash flow of \$6.1 million for the same period in 2009. Candax recorded a loss of \$4.0 million (\$0.01 per common share) for the three months ended June 30, 2010, compared to a loss of \$2.4 million (\$0.02 per common share) for the same period in 2009.

Candax's net average production for the second quarter of 2010 was 154 boepd, compared to 1,627 boepd in the same period for 2009. Production was comprised of 154 bopd compared to 1,152 bopd and 2.9 mmcf/d in 2009. The decrease in production is primarily attributable to the current shut-in of the El Bibane field pending the Phase 2 workover which is ongoing. Production from Ezzaouia in the first quarter of 2010 was also lower than in 2009 due to the natural depletion of the field and the absence of capital expenditures while waiting for the 2010 work program to commence.

As at June 30, 2010, Candax had cash and cash equivalents of \$13.8 million. The Company had utilized US\$44.4 million of its US\$45.0 million credit facility as at June 30, 2010. Capital expenditures in the first quarter were \$1.0 million. Candax's second quarter 2010 Interim Consolidated Financial Statements and Management's Discussion and Analysis may be viewed under the Candax profile at [www.sedar.com](http://www.sedar.com).

Richard Norris, President & CEO stated: "In the absence of production from the El Bibane field and while waiting for the 2010 campaign on Ezzaouia to start, these results are not unexpected, however Candax's efforts in the third quarter are focused on restoring production from El Bibane and increasing production from Ezzaouia. The tubing replacement work-over that is being performed on the El Bibane 3 well offshore Tunisia is currently ongoing using the Ensco 85 jack-up rig and the workover on the Ezzaouia 1 well located on the Ezzaouia field onshore Tunisia is nearing completion. Regretfully, the sidetrack performed on the Ezzaouia 5 well which was completed at the end of July is exhibiting disappointing production and remedial actions are being considered. The current workover of the Ezzaouia 1 well will be followed by the sidetrack of the Ezzaouia 2 well. On our other assets, discussions with the Tunisian authorities are still ongoing to obtain an extension of the Chaal permit. As previously disclosed, Candax recently obtained a one year extension of its permit in Madagascar, which will allow us to continue working towards the drilling a first well as soon as reasonably possible."

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

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.

For further information, please contact:

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. 225or [jeanny@chfir.com](mailto:jeanny@chfir.com).

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