



Candax Reports Third Quarter 2010 Results

Toronto, Ontario, Canada – Candax Energy Inc. (“Candax”) [TSX: CAX] reports revenues of \$0.7 million for the third quarter of 2010 compared to \$2.2 million for the same period in 2009. Due to the low revenues in the third quarter, the Company had negative cash flow from its operating activities of \$7.3 million compared to negative cash flow of \$9.3 million for the same period in 2009. Candax recorded a loss of \$13.9 million (\$0.04 per common share) for the three months ended September 30, 2010, compared to a loss of \$4.6 million (\$0.02 per common share) for the same period in 2009.

Candax's net average production for the third quarter of 2010 was 160 boepd, compared to 782 boepd in the same period for 2009. Production was comprised of 160 bopd compared to 582 bopd and 1.2 mmcf/d in 2009. The decrease in production is primarily attributable to the shut-in of the El Bibane field until September 10, 2010 and its limited daily production since then (currently at approximately 150 bopd). Production from the Ezzaouia field in the third quarter of 2010 was also lower than in 2009 due to the natural depletion of the field, the disappointing sidetrack of the Ezzaouia 5 well, the limited production from the recently worked over Ezzaouia 1 well (currently cleaning up at approximately 90 bopd) and the ongoing but unfinished program on wells Ezzaouia 2, Ezzaouia 9 and Ezzaouia 11.

As at September 30, 2010, Candax had cash and cash equivalents of \$4.9 million. The Company had fully utilized its US\$45 million credit facility (comprised of loans for US\$44.5 million and a letter of credit for US\$0.5 million) as at September 30, 2010. Capital expenditures in the third quarter were \$0.9 million, not including the cost of the workover of the El Bibane 3 well on the El Bibane field. Candax's third quarter 2010 Interim Consolidated Financial Statements and Management's Discussion and Analysis may be viewed under the Candax profile at www.sedar.com.

Richard Norris, President & CEO stated:

“The third quarter saw the completion of the workover of the El Bibane 3 well. As explained in previous news releases, Candax encountered significant challenges during the workover operations but the well was successfully put back on production on September 10th. The well is currently producing approximately 150 bopd and we expect this production to increase, although it is not possible to predict with any certainty if and when this will occur and what production will be achieved. We have decided to conduct a full field simulation study on the El Bibane field before making a decision on future workovers, sidetracks or new wells. We expect this study to be completed by the end of the first quarter of 2011 at which time we may decide to undertake 3D seismic to improve our knowledge of the field.

The 2010 capital investments campaign for Ezzaouia is ongoing. We will provide an update once we have final results of the workovers of wells 1, 9 and 11 and on the sidetrack of well 2. On Robbana, we are finalizing a reservoir study to determine the best way forward to produce the reserves still present in this field. On Madagascar, work is continuing to prepare for the drilling of the first well in the second quarter of 2011. Candax may enter into a farm-out agreement to limit the cash requirements related to this particular program in Madagascar. Finally, on Chaal, following the publication of the cancellation of the permit in the official gazette, the Tunisian authorities have sent Candax a letter requiring the payment of penalties which Candax disputes in its entirety.

Due to the limited production and the substantial cash requirements related to the workovers and sidetracks that have been undertaken on the El Bibane and Ezzaouia fields, Candax will not be in a position to make the US\$8 million principal repayment on December 31, 2010 as required under the Bank of Scotland credit facility. Candax is in discussions with the Bank of Scotland seeking to find a solution and will provide updates as appropriate.”

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.

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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 Candax will not be able to reach a solution with the Bank of Scotland relating to the pending due date of the US\$8 million principal repayment, 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.