

I hereby certify this to be a true copy of
the original ORDER
Dated this 21 day of Aug 2009
for Clerk of the Court

ACTION NO. 0901-07221

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **MAHALO ENERGY LTD.**

BEFORE THE HONOURABLE) AT THE CALGARY COURTS CENTRE IN
JUSTICE B.E.C. ROMAINE) THE CITY OF CALGARY, IN THE
IN CHAMBERS) PROVINCE OF ALBERTA, ON THE 21ST
) DAY OF AUGUST, 2009.
)

APPROVAL AND VESTING ORDER

UPON the application of Mahalo Energy Ltd. ("Mahalo"), AND UPON having read the Notice of Motion and the Affidavit of David Burton, sworn August 18th, 2009 (the "Burton Affidavit"); filed; AND UPON reading the Third Monitor's Report, filed; AND UPON hearing counsel for the Applicant, the Lenders and the Monitor; IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of notice of this application for this Order is hereby abridged and service thereof is deemed good and sufficient.

Sale to Trafina Energy Ltd. and Sedna Oil and Gas Ltd.

2. The sale of Mahalo's Assets (as more particularly described in the Burton Affidavit and as defined in the Purchase and Sale Agreement defined herein) (the "Assets"), in accordance with the terms and conditions set forth in the Purchase and Sale Agreement between Mahalo, as vendor, and Trafina Energy Ltd. and Sedna Oil and Gas Ltd., or their nominee, as purchaser (the "Purchaser") dated August 11, 2009, (the "Purchase and Sale Agreement") and related transactions, are hereby approved.
3. Mahalo is authorized to execute all deeds and documents, and to take all such steps as may be necessary or advisable in order to give effect to the sale of the Assets and the terms of the Purchase and Sale Agreement that is hereby approved and, for greater certainty, the sale of the Assets is also approved pursuant to paragraph 10.(a) of the Initial Order dated May 22, 2009, granted by the Honourable Mr. Justice J. Hawco in these proceedings.

4. Effective immediately upon the filing with this Honourable Court of a certificate of Mahalo confirming that the Purchase and Sale Agreement has closed (the "Closing Certificate"), all of the right, title and interest of Mahalo, in and to the Assets (apart from the overriding royalty granted to Mahalo pursuant to the Royalty Agreement, as defined in the Purchase and Sale Agreement) shall, subject to the Permitted Encumbrances defined in the Purchase and Sale Agreement, be vested in and to the Purchaser, absolutely and forever, free and clear of and from any and all estate, right, title, interest, claims, demands, actions, lawsuits, proceedings, arbitrations, investigations (in any case whether asserted, threatened, pending or existing) hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, pledges, levies, taxes, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, royalties, overriding royalties, profit interest, production payments or similar burdens on production, encumbrances, deferred purchase, title retention, sale and purchase or sale and leasehold arrangements, cull or put options, co-sale, tag along rights or other third party rights or other rights, limitations or restrictions of any nature whatsoever, including, without limitation, any rights or interests of any creditors of Mahalo, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent including, without limitation, the specific encumbrances described in Schedule "A" hereto (collectively, the "Claims"), by or of all persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other natural persons or corporations, whether acting in their capacity as principals or as agents, trustees, executors, administrators or other legal representative (collectively, the "Claimants") and, for greater certainty, this Court orders that all of the Claims affecting or relating to Mahalo's right, title and interest in the Assets, except the Permitted Encumbrances, are hereby expunged and discharged as against the Assets.
5. The Purchaser shall, by virtue of the completion of the purchase of the Assets pursuant to the Purchase and Sale Agreement, have no liability of any kind whatsoever to any Claimants.
6. Notwithstanding:
 - (a) the pendency of these proceedings; and

- (b) the provisions of any federal or provincial statute;

neither the Purchase and Sale Agreement and the transactions contemplated thereby nor the vesting order provisions will be void or voidable at the instance of creditors and Claimants and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended, or any other applicable federal or provincial legislation, and they do not constitute conduct meriting an oppression remedy and shall be binding on Mahalo.

7. The Minister of Energy for the Province of Alberta be and is hereby directed that, upon being presented with certified true copies of this Order and Closing Certificate that Minister shall:

- (a) register the transfer of all of Mahalo's registered interest in the Assets to which such Closing Certificate relates to the Purchaser;
- (b) cancel the registration of all builder's liens (including any related certificates of liens pendens) and security notices registered against the Assets as described in Schedule "A" hereto, and more specifically described as follows:
 - (i) Security Notice registered with Alberta Energy on June 9, 1985 by The Toronto-Dominion Bank against Crown PNG Lease No. 11202 (Encumbrance ID 8500138);
 - (ii) Security Notice registered with Alberta Energy on November 1, 1985 by The Toronto-Dominion Bank against Crown PNG Lease No. 11202 (Encumbrance ID 8507904); and
 - (iii) Builders Lien registered with Alberta Energy on June 26, 2009 by Precision Rental, A Division of Precision Limited Partnership against Crown PNG Lease No. 0404030592 (Encumbrance ID 0902376); and
- (c) cancel any other registration against the Assets.

8. Presentment of this Order and the Closing Certificate shall be the Minister's sole and sufficient authority to make and register the said transfers and cancel the registrations of encumbrances thereon as aforesaid.

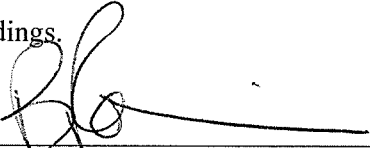
9. Notwithstanding section 191(1) of the *Land Titles Act*, the Registrars of the North and South Alberta Land Titles Registration Districts be and are hereby directed that, upon being presented with a certified true copy of this Order and a copy of the Closing Certificate, to cancel the registration of all builders' liens (and related certificates of lis pendens), charges, encumbrances and any other registration registered against Mahalo's interest in the Assets rendering such lands free and clear of all estate, right, title, interest, royalty, rental and equity of redemption of Mahalo and any persons claiming through or against Mahalo and/or any of the Assets, other than Permitted Encumbrances defined in the Purchase and Sale Agreement, and specifically cancelling the registration described as follows:
 - (a) Builders Lien registered with Alberta Land Titles on December 12, 2008 by Weatherford Canada Partnership against Mahalo's interest in Certificate of Title 972 051 359 (LINC# 0023-967-086).
10. Presentment of this Order and the Closing Certificate shall be the Registrar's sole and sufficient authority to make and register the said transfers and cancel the registrations of encumbrances thereon as aforesaid.
11. Subject to the terms of the DIP Credit Agreement (as defined in the Affidavit of James Burns, sworn May 21, 2009), the sale proceeds from the sale of the Assets, including all taxes payable under the Purchase and Sale Agreement (the "Sale Proceeds"), shall stand in the place of and replace the Assets with respect to any Claims asserted against the Assets by any person and all Claims shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of Mahalo.

Miscellaneous

12. To the extent necessary for the carrying out of this Order, the Court of Queen's Bench of Alberta hereby seeks the aid and recognition of any country, tribunal or administrative body of any Province of Canada or of the United States of America, and in particular the Province of Saskatchewan, to give effect to and assist Mahalo and its agents in carrying out the terms of this Order. Mahalo shall be at liberty and is hereby authorized and empowered to apply as it may consider necessary or advisable, with or without notice, to any other courts or administrative bodies, whether in Canada or in the United States of America, for orders in such jurisdictions recognizing this Order. All courts and administrative bodies of all such jurisdictions are hereby

respectfully requested to make such orders and to provide such assistance to Mahalo as they may deem necessary or appropriate for the purposes of giving effect to this Order.

13. Any interested party (including Mahalo, the Lenders, and the Monitor) may apply to this Court to vary, amend, or set aside this Order on not less than two days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
14. In accordance with the provisions of the Purchase and Sale Agreement, that Purchase and Sale Agreement may be voided by the parties if all necessary well and facility license are not transferred or provided therein.
15. Mahalo shall serve, by courier, telecopy transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or appear on the service list established in these proceedings.



J.C.Q.B.A.

ENTERED this 21 day of August, 2009.

V.A. BRANDT 

Clerk of the Court

Schedule "A"

1. Security Agreement registered with the Alberta Personal Property Registry on December 12, 2005 by Ableco Finance LLC, as Administrative Agent (Registration No. 05121222433).
2. Land Charge registered with the Alberta Personal Property Registry on December 12, 2005 by Ableco Finance LLC, as Administrative Agent (Registration No. 05121222557).
3. Security Agreement registered with the Alberta Personal Property Registry on March 2, 2006 by The Toronto Dominion Bank (Registration No. 06030215666).
4. Security Agreement registered with the Alberta Personal Property Registry on June 27, 2008 by Ableco Finance LLC, as Administrative Agent (Registration No. 08062737986).
5. Land Charge registered with the Alberta Personal Property Registry on June 27, 2008 by Ableco Finance LLC, as Administrative Agent (Registration No. 08062738009).
7. Security Agreement registered with the Alberta Personal Property Registry on January 23, 2009 by Provident Acquisitions L.P. and Provident Energy Ltd. (Registration No. 09012324943).
8. Security Agreement registered with the Alberta Personal Property Registry on January 23, 2009 by Provident Acquisitions L.P. and Provident Energy Ltd. (Registration No. 09012325025).
9. Writ of Enforcement registered with the Alberta Personal Property Registry on July 10, 2009 by Source Energy Tool Services Inc. (Registration No. 09072126149).
10. Court of Queen's Bench Action No. Q0703 06747.
11. Court of Queen's Bench Action No. Q0901 06378.
12. Court of Queen's Bench Action No. Q0901 07230.
13. Security Notice registered with Alberta Energy on June 9, 1985 by The Toronto-Dominion Bank against Crown PNG Lease No. 11202 (Encumbrance ID 8500138).
14. Security Notice registered with Alberta Energy on November 1, 1985 by The Toronto-Dominion Bank against Crown PNG Lease No. 11202 (Encumbrance ID 8507904).
15. Builders Lien registered with Alberta Energy on June 26, 2009 by Precision Rental, A Division of Precision Limited Partnership against Crown PNG Lease No. 0404030592 (Encumbrance ID 0902376).
16. Builders Lien registered with Alberta Land Titles on December 12, 2008 by Weatherford Canada Partnership against Mahalo's interest in Certificate of Title 972 051 359 (LINC# 0023-967-086).

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