

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 MAHALO ENERGY LTD.

Petitioner

I hereby certify this to be a true copy of
the original Only
Dated this 13 day of Jan 2010
A. G. [Signature]
for Clerk of the Court

BEFORE THE HONOURABLE
MADAM JUSTICE B.E.C.
ROMAINE IN CHAMBERS

) AT THE COURT HOUSE, IN THE CITY OF
) CALGARY, IN THE PROVINCE OF
) ALBERTA, ON WEDNESDAY, THE 13th
) DAY OF JANUARY, 2010.

CLAIMS PROCEDURE ORDER

UPON the application of Mahalo Energy Ltd. ("Mahalo"); **AND UPON** having read the Notice of Motion, the Affidavit of David Burton, sworn January 7, 2010, and the Fifth Report of the Monitor of Mahalo; **AND UPON** hearing counsel for Mahalo, counsel for the Monitor and counsel for other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

DEFINITIONS

1. The following terms shall have the following meanings ascribed thereto:
 - (a) **"CCAA"** means the *Companies' Creditors Arrangement Act*, R. S. C. 1985, c C-36 (as amended);
 - (b) **"Claim"** means any right of any Person against the Petitioner in connection with any indebtedness, liability or obligation of any kind of the Petitioner and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known,

or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including without limitation, any claim made or asserted against the Petitioner through any affiliate, associate or related Person as such terms are defined in the *Income Tax Act*, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future with respect to any matter, action, cause or chose in action based in whole or in part on facts which existed prior to the date of the Initial Order, together with any other claims that would have been claims provable in bankruptcy had the Petitioner become bankrupt on the date of the Initial Order;

- (c) **"Claims Bar Date"** means, for the purposes of these proceedings only, 5:00 p.m. (Calgary Time) on February 5, 2010 or such later date as may be ordered by the Court;
- (d) **"Court"** means the Court of Queen's Bench of Alberta;
- (e) **"Creditor"** means a Person having a Claim, or Interim Period Claim and may, where the context requires, include the assignee or transferee of a Claim, a successor in interest to a Claim, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Persons;
- (f) **"Dispute Notice"** means a written notice, delivered to the Petitioner by a Creditor who has received a Notice of Revision or Disallowance and who intends to dispute such Notice of Revision or Disallowance;
- (g) **"Initial Order"** means the Order of the Court granted May 22, 2009 under the CCAA;
- (h) **"Instruction Letter"** means an instruction letter, substantially in the form attached hereto as Schedule "A", delivered to a Creditor regarding completion by such Creditor of the Proof of Claim Form;

- (i) **"Interim Period"** means the period commencing the date of the Initial Order to and including the Plan Implementation Date;
- (j) **"Interim Period Claim"** means any right of any Person against the Petitioner in connection with any indebtedness, liability or obligation of any kind of the Petitioner, and any interest that may accrue thereon, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including without limitation, any claim made or asserted against the Petitioner through any affiliate, associate or related Person as such terms are defined in the *Alberta Business Corporations Act* (as amended) or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action arising from or caused by, directly or indirectly, the implementation of or any action taken pursuant to, the Initial Order, including claims arising from (i) the abandonment of any premises or the repudiation of any lease, (ii) the assignment of any contract or lease in accordance with its terms, of personal, real, moveable or immoveable property (including any future liability as assignor thereof), (iii) the repudiation or termination of any contract to take effect up to and including Plan Implementation Date (including any anticipatory breach thereof), (iv) the repudiation or termination of any contract of employment, or (v) the termination or winding up of any pension or employee benefit plans, but, for greater certainty, does not include any right to payment of any Creditor for the provision of goods and/or services to the Petitioner during the Interim Period;
- (k) **"Known Creditors"** means, at any time, those Creditors of which the Petitioner has notice or knowledge of at such time;
- (l) **"Notice of Revision or Disallowance"** means the notice referred to in paragraph 10 hereof advising a Creditor that the Petitioner has revised or rejected all or part of (i) a Claim or Interim Period Claim set out in the Proof of Claim and the

reasons therefor, or (ii) the value of a Creditor's Proven Claim or Interim Period Claim for the purposes of distribution and the reasons therefor;

- (m) **"Notice to Creditors"** means the notice for publication as described in paragraph 5 hereof, and substantially in the form attached hereto as Schedule "B";
- (n) **"Person"** means any of the Petitioner's shareholders and former shareholders, Creditors, customers, employees, officers, former officers, directors, former directors, agents, landlords, clients, suppliers, contractors, lenders, purchasing agents, equipment lessors and lessors of real property and immoveables, sub-landlords, tenants, sub-tenants, licensors, licensees, concessionaires, co-owners, co-tenants, joint venture partners, co-venturers, partners, the Crown (except as provided under subsections 11.4(2) and (3) of the CCAA), municipalities or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada or elsewhere and any corporation or other entity owned or controlled by or which is the agent of any of the foregoing (collectively, "Persons" and, individually, "Person");
- (o) **"Plan"** means the plan of compromise or arrangement to be filed by the Petitioner pursuant to the Initial Order and the CCAA, as approved by this Court;
- (p) **"Plan Implementation Date"** means the date on which the Plan is to be effective, as provided for in the Plan;
- (q) **"Proof of Claim"** means the form of Proof of Claim referred to in paragraph 3 hereof substantially in the form attached hereto as Schedule "C";
- (r) **"Proven Claim"** of a Creditor means the amount and status of the Claim of such Creditor finally determined in accordance with the provisions of the claims procedure described herein; and
- (s) **"Valuation Date"** with respect to Claims means May 22, 2009 and with respect to Interim Period Claims means the date of the action giving rise to the Interim Period Claim.

NOTICE OF CLAIMS AND INTERIM PERIOD CLAIMS

2. For the purpose of facilitating the voting on, and distribution under, the Plan, the Petitioner, with the assistance of Alger & Associates Inc. (the "Monitor") shall send by ordinary mail to each of the Known Creditors and to each person on the service list in the Petitioner's CCAA proceeding, by personal service, courier, electronic or facsimile transmission, the Proof of Claim and Instruction Letter on or before 11:59 p.m. (Calgary Time) on January 20, 2010 requiring the Creditor to set out its Claim and/or Interim Period Claim and to return the completed and executed Proof of Claim to the Monitor on or before the Claims Bar Date.
3. Where the Petitioner becomes aware that a Person may have an Interim Period Claim, the Petitioner shall, inform the Monitor, as soon as practicable, and have the Monitor send by personal service, courier, electronic or facsimile transmission, the Proof of Claim and Instruction Letter, requiring the Person in question to set out its Interim Period Claim and to return the completed and executed Proof of Claim.

PUBLICATION OF CLAIMS PROCEDURE

4. On or before January 22, 2010, the Monitor shall publish the Notice to Creditors for a one (1) day period in the National Post, the Calgary Herald and the Edmonton Journal newspapers, and the Notice to Creditors shall provide that any Creditor of the Petitioner, who has not been sent the appropriate form of Proof of Claim or Instruction Letter as provided for in paragraph 3 hereof, must provide a written notice to the Monitor requesting the applicable forms.
5. As soon as practicable after receiving written notice requesting the applicable forms, the Petitioner or Monitor shall send, electronically or by facsimile where possible or by courier or personal service, to such Creditor the appropriate form of Proof of Claim, a copy of this Claims Procedure and Instruction Letter. The Proof of Claim must be returned to the Monitor by no later than the Claims Bar Date, unless the Petitioner and the Monitor otherwise agrees or as otherwise ordered by this Court.

6. Any Person that holds a charge pursuant to the terms of the Initial Order is not required to file a Proof of Claim in order to establish or enforce such rights against the Petitioner.

REVIEW OF PROOFS OF CLAIM FOR VOTING PURPOSES

7. The Monitor, in conjunction with the Petitioner, shall review each Proof of Claim filed and shall accept, revise or reject the amount and/or creditor status set out in such Proof of Claim for voting and distribution purposes under the Plan.
8. The amount and legal status of Claims and Interim Period Claims shall be determined as if the Petitioner had entered bankruptcy on the Valuation Date.
9. In the event that the Monitor, in conjunction with the Petitioner, disputes the amount and/or creditor status set out in a Proof of Claim and such dispute cannot be resolved consensually between the Petitioner and the Creditor, the Monitor, in conjunction with the Petitioner shall, as soon as possible after receipt of a Proof of Claim but in any event no later than thirty (30) calendar days prior to the date of the Creditors' meeting provided for in the Plan or pursuant to a further Order of this Court, notify such Creditor who has filed a disputed Proof of Claim that such Proof of Claim has been revised or rejected and the reasons therefor by delivering to such Creditor a Notice of Revision or Disallowance in accordance with paragraph 19 hereof and in the form substantially the same as that attached hereto as Schedule "D".
10. Where the Monitor does not deliver, by the aforementioned date, a Notice of Revision or Disallowance to a Creditor who has submitted a Proof of Claim, then, subject to further Order of this Court, such Proof of Claim shall be treated as a Proven Claim under the Plan.
11. Any Creditor who intends to dispute a Notice of Revision or Disallowance shall, within seven (7) calendar days of the date of the Notice of Revision or Disallowance (or such longer period as agreed to by the Petitioner), notify the Monitor in writing of such intention by delivery of a Dispute Notice to the Monitor by personal service, next day

courier or facsimile. The Dispute Notice will be in a form substantially the same as that attached hereto as Schedule "E".

12. A Creditor who has delivered a Dispute Notice and who continues to intend to dispute the Notice of Revision or Disallowance must, within ten (10) business days of delivery of the Dispute Notice, file a notice of motion in the Court seeking determination of the value and/or status of the Claim, which application shall be made returnable within five (5) business days of the filing of the notice of motion.
13. Where a Creditor who receives a Notice of Revision or Disallowance fails to deliver a Dispute Notice within the time period referred to in paragraph 11 hereof, or fails to file a notice of motion in accordance with paragraph 12 hereof, the Proven Claim of such Creditor under the Plan shall be deemed to be as set out in the Notice of Revision or Disallowance
14. Pursuant to this Claims Procedure:
 - (a) the Petitioner and Monitor are authorized to use reasonable discretion as to the adequacy of the compliance as to the manner in which a Proof of Claim is completed and executed and may, where they are satisfied a Claim or Interim Period Claim has been adequately proven, waive strict compliance with the requirements of this Order as to completion and execution of a Proof of Claim; and
 - (b) Each Proof of Claim shall be reduced by the amount of any subsequent payment thereon, the application of any volume or other discount in respect thereof and any other subsequent credit or set-off, and any Claim or Interim Period Claim denominated in any currency other than Canadian dollars, shall, for the purposes of this Claims Procedure, be converted to and constitute obligations in Canadian dollars, using the Bank of Canada noon spot exchange rate on the Valuation Date.

VOTING OF DISPUTED CLAIMS

15. Where any Creditor applies to have the value of its Proof of Claim determined by the Court but the Proven Claim has not been finally determined prior to the date of the Creditors' meeting at which the Creditor is to vote, the Petitioner shall either:
- (a) Only for the purposes of voting on the Plan, accept the Creditor's determination and the value and/or status of the Proof of Claim, and conduct the vote of the particular class(es) of creditors into which such Creditor falls;
 - (b) Delay the vote of the class(es) into which that Creditor falls until a final determination of the Proof of Claim is made;
 - (c) Provide a formula or other method for dealing with such disputed Proofs of Claim only for the purposes of voting on the Plan, subject to approval of this Honourable Court; or
 - (d) Deal with the matter as the Court may otherwise direct.

CLAIMS BAR

16. A Creditor that does not file a Proof of Claim by the Claims Bar Date or such later date as the Petitioner, the Monitor and such Creditor may agree, or the Court may order, shall be forever barred from making any Claim against the Petitioner and shall not be entitled to vote at any Creditors' meeting or to receive any distribution under the Plan in respect of such Creditor's Claim or Interim Period Claim.

NOTICE OF TRANSFERREES

17. If, after the Valuation Date, a Creditor transfers or assigns the whole or part of a Claim or Interim Period Claim to another Person, the Petitioner shall not be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, have been received by the Petitioner. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the

"Creditor" in respect of such Claim or Interim Period Claim, and shall be bound by notices given or steps taken in respect of such Claim or Interim Period Claim in accordance with this Claims Procedure.

GENERAL TERMS

18. NOTWITHSTANDING any other terms of this Claims Procedure, the solicitation by the Petitioner of Proofs of Claim and the filing by any Creditor of any Proof of Claim, shall not, for that reason only, grant any Person any standing or rights under the Plan.
19. Any Notice of Revision or Disallowance sent by the Monitor to any Creditor pursuant to this Claims Procedure shall be sent to such Creditor, as the case may be, by facsimile or overnight courier on the same date as that set out in the Notice of Revision or Disallowance.
20. In the event that no Plan is approved by this Court, the Claims Bar Date shall be of no effect in any subsequent proceeding or distribution with respect to any and all Claims made by Creditors.
21. Nothing in this Claims Procedure shall constitute or be deemed to constitute an allocation or assignment of Claims or Interim Period Claims into particular classes and the determination of classes of Creditors for voting and distribution purposes shall be subject to further order of this Court or pursuant to the terms of the Plan.

ENTERED this 13 day of January, 2010.

K. MCAUSLAND
Clerk of the Court



BR
J. C. B. A. BR.

SCHEDULE "A"

INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE OF MAHALO ENERGY LTD.

(a) CLAIMS PROCEDURE

By Court Order dated May 22, 2009 under the *Companies' Creditors Arrangement Act* (the "CCAA") Mahalo Energy Ltd. ("Mahalo") has been authorized to conduct a claims procedure (the "Claims Procedure") under the CCAA. The Claims Procedure, a copy of which is enclosed, shall govern the valuation of all claims against Mahalo, notwithstanding any of the instructions contained herein.

This letter provides instructions for responding to or completing the Proof of Claim form, Notice of Revision or Disallowance and/or Dispute Notice.

The claims procedure is intended for any Person with any claim of any kind or nature whatsoever, whether unliquidated, contingent, or otherwise, against Mahalo as of May 22, 2009 ("Claim") as more particularly defined in the Claims Procedure, or any claim arising from the termination, repudiation or cancellation by Mahalo of any contract, lease or other agreement on or after May 22, 2009 ("Interim Period Claim") as more particularly defined in the Claims Procedure.

If you have any questions regarding the Claims Procedure, please contact Mahalo's legal counsel at the address provided below:

Burnet, Duckworth & Palmer LLP
1400, 350 7th Ave. S.W.
Calgary, Alberta
T2P 3N9

Telephone: (403) 260-0263
Fax: (403) 260-0332

Attention: Trevor Batty

(b) FOR CREDITORS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim against Mahalo you must file a Proof of Claim with the Monitor at the following address:

Alger & Associates Inc.
#400, 602 11th Ave. S.W.
Calgary, Alberta
T2R 1J8

Telephone: (403) 296-2985
Fax: (403) 296-2988

Attention: Kiu Lau

The Proof of Claim must be received by the Monitor by 5:00 pm (Calgary Time) February 5, 2010, the Claims Bar Date, unless Mahalo and the Monitor agree in writing or the Court orders that the Proof of Claim be accepted after that date.

If Mahalo and the Monitor disagree with the value or status that you have ascribed to your Claim or the validity of your claim as set out in your Proof of Claim and such disagreement can not be resolved consensually, you will receive a Notice of Revision or Disallowance from the Monitor (see section D below for details).

(c) GENERAL INSTRUCTIONS FOR COMPLETING THE PROOF OF CLAIM

The Proof of Claim must be completed by an individual, or an individual acting on behalf of a corporation. The individual acting for a corporation or other person must state the capacity in which he/she is acting, such as "Credit Manager", "Treasurer", "Authorized Agent", etc. The individual completing the Proof of Claim must have knowledge of the circumstances connected with the Claim. All Proofs of Claim must be signed, dated and witnessed.

The full legal name of the Creditor must be filled out in its entirety. Creditors who file a Proof of Claim by a division, or who file several Proofs of Claim by divisions, may have their Proof of Claim disallowed. **Only one Proof of Claim may be filed per legal entity** notwithstanding that separate divisions or operating units of a Creditor may supply and bill Mahalo separately.

A Statement of Account containing full details of the Claim must be attached to the Proof of Claim. The Proof of Claim should include all amounts owing to you for any goods or services provided to Mahalo before May 22, 2009. Claims shall be reduced by the amount of any subsequent payment thereon, the application of any volume or other discounts in respect thereof and any other subsequent credits that are properly applicable against the Claim.

If the Creditor holds security for the indebtedness, a statement of the value and nature of the security must accompany the Proof of Claim.

If the Creditor holds a contingent or unliquidated Claim, the details and reasons for the Claim must be provided in addition to the basis upon which the Claim has been valued.

(d) FOR CREDITORS RECEIVING A NOTICE OF REVISION OR DISALLOWANCE

If you have sent a Proof of Claim, Mahalo and the Monitor are entitled to challenge the valuation, status or validity of your Claim by sending you a Notice of Revision or Disallowance no later than thirty (30) calendar days prior to the date of any Meeting of the Creditors or pursuant to a further Order of the Court. If a Notice of Revision or Disallowance is not sent by such date, Mahalo shall be deemed to have accepted your Proof of Claim for voting purposes.

(e) FOR CREDITORS SUBMITTING A DISPUTE NOTICE

If you are sent a Notice of Revision or Disallowance, you are entitled to dispute the revision or disallowance of your Claim, by sending by personal service, facsimile or courier, a Dispute Notice to the Monitor, which must be received within seven (7) calendar days of the date of the Notice of Revision or Disallowance is. If Monitor does not receive a Dispute Notice by this time, your Claim will be finalized on the basis set out in the Notice of Revision or Disallowance.

Upon delivering the Dispute Notice you must, within seven (7) days, file a Notice of Motion for determination of your Claim, such motion to be returnable within five (5) days of the filing of the motion.

Subject to the direction of the Court, failure to deliver a Dispute Notice or file a Notice of Motion within the time frames described in the Claims Procedure will result in the Notice of Revision or Disallowance becoming binding on you.

(f) CLAIMS ORDER

While this instruction letter, along with its accompanying forms, are provided to assist you in the Claims Procedure, you must comply with the terms of the Claims Procedure approved in the Order dated January 13, 2010 and enclosed in this package.

SCHEDULE "B"
NOTICE TO CREDITORS

To: Creditors of Mahalo Energy Inc. ("Mahalo")

On May 22, 2009, the Court of Queen's Bench of Alberta granted an order (the "Initial Order") pursuant to the *Companies' Creditors Arrangement Act* (Canada) with respect to Mahalo. Pursuant to the Initial Order, all proceedings against Mahalo by creditors and other parties are stayed.

Pursuant to the Initial Order, Mahalo must deliver to all known creditors a copy of the Claims Procedure by which Creditors can prove their claims for voting and distribution purposes in connection with a plan of arrangement of Mahalo under the CCAA as well as a Proof of Claim form and instruction letter.

Any creditor who has not received the above documents may provide written notice to the Monitor requesting the applicable forms, at the addresses listed below or may download such forms from the Monitor's website for these proceedings which is www.alger.ca. Upon receiving a written request, the Monitor shall deliver the documents to the requesting Creditor, who must complete the Proof of Claim form and return it to the Monitor at:

Alger & Associates Inc.
#400, 602 11th Ave. S.W.
Calgary, Alberta
T2R 1J8

Telephone: (403) 296-2985
Fax: (403) 296-2988

Attention: Kiu Lau

on or before February 5, 2010 (the "**Claims Bar Date**").

Any Creditor who does not file a Proof of Claim by the Claims Bar Date, or such later date as the Court may provide, shall be forever barred from making any claim against Mahalo and shall be not entitled to vote at any Creditors' meeting or receive any distribution under a plan of arrangement pursuant to the CCAA proceedings involving Mahalo.

SCHEDULE "C"

**PROOF OF CLAIM OF MAHALO ENERGY LTD. ("MAHALO")
(MAY 22, 2009 CLAIMS AND INTERIM PERIOD CLAIMS)**

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim. Please print legibly.

Indicate if this Proof of Claim is an (please check one) Original Proof of Claim, OR Amended Proof of Claim

1. PARTICULARS OF CREDITOR

(a) Full Legal Name of Creditor: _____ (the "Creditor").
(Full legal or Corporate name should be the name of the original Creditor of _____, notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred. Do not file separate Proofs of Claim by division of the same Creditor.)

(b) Full Mailing Address of the Creditor (the original Creditor not an Assignee):

(c) Telephone Number of Creditor: _____

(d) Facsimile Number of Creditor: _____

(e) Attention (Contact Person): _____

2. PROOF OF CLAIM:

I, _____ [Name of Creditor or Representative of the Creditor}, do hereby certify:

(a) that I (please check one):

___ am the Creditor of _____; or
___ hold the position of _____ of the Creditor of _____

and have knowledge of all the circumstances connected with the Claim described herein;

(b) Mahalo is indebted to the Creditor is follows:

- (i) Principal amount of Claim as of _____, 20__ \$ _____ Cdn
- (ii) Principal amount Interim Period Claim \$ _____ Cdn
- (iii) Interest and/or other charges \$ _____ Cdn

(iv) Total Claim

<p>\$ _____</p> <p>Cdn</p>

*(If the Claim is in a foreign currency, it should be converted to Canadian dollars at the exchange rate of the Bank of Canada as at May 22, 2009). Refer to the Claims Procedure for the definition of an Interim Period Claim. Interim Period Claims above should **exclude** rights to payment of any Creditor for the actual provision of goods and/or services to the Applicants on or after May 22, 2009).*

3. PARTICULARS OF CLAIM:

Description of transaction or agreement giving rise or relating to the Claim:

If the Claim is contingent, or unliquidated, state the basis upon which the Claim has been valued:

Names of any guarantors, which have guaranteed the Claim:

Description of security, if any, granted to the Creditor or assigned by Creditor in respect of the Claim:

Estimated value of security outlined above as at the date of the Claim:

A DETAILED, COMPLETE STATEMENT OF ACCOUNT MUST BE ATTACHED TO THE PROOF OF CLAIM WHICH MUST SHOW THE DATE, THE NUMBER AND THE AMOUNT OF EACH INVOICE OR CHARGE, TOGETHER WITH THE DATE, THE NUMBER AND THE AMOUNT OF ALL CREDITS, COUNTERCLAIMS, DISCOUNTS, PAYMENTS, ETC. TO WHICH MAHALO IS ENTITLED. PLEASE ATTACH ADDITIONAL SHEETS.

The duly completed Proof of Claim together with supporting documentation must be returned and received by the Monitor, no later than 5:00 pm (Calgary Time) on February 5, 2010, to **Alger & Associates Inc., #400, 602 11th Ave. S.W., Calgary, Alberta, T2R 1J8, Attention: Kiu Lau.**

DATED at _____ this _____ day of _____, 20__.

(Signature of Witness)

(Signature of individual completing this form)

(please print name)

(please print name)

SCHEDULE "D"

**NOTICE OF REVISION OR DISALLOWANCE FOR VOTING AND/OR DISTRIBUTION
PURPOSES FOR CREDITORS OF
MAHALO ENERGY LTD. ("THE CCAA DEBTOR")**

Claim Reference Number: _____

TO: _____
(Name of Creditor)

Defined terms not defined in this Notice of Revision or Disallowance have the meaning ascribed in the Order of the Court of Queen's Bench of Alberta dated January 13, 2010 (the "Claims Procedure Order"). All dollar values contained herein are in Canadian dollars unless otherwise noted.

Pursuant to the Claims Procedure Order, Alger & Associates Inc. (the "Monitor"), in its capacity as Court-appointed Monitor of the CCAA Debtor, hereby gives you notice that it has reviewed your Proof of Claim in conjunction with the CCAA Debtor and has revised or disallowed your Claim. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be allowed as follows:

Amount Allowed by Monitor for:

	Proof of Claim Amount	Voting	Distribution
Unsecured Claim	\$ _____	\$ _____	\$ _____
Secured Claim	\$ _____	\$ _____	\$ _____

REASON(S) FOR THE REVISION OR DISALLOWANCE:

SERVICE OF DISPUTE NOTICES

If you intend to dispute this Notice of Revision or Disallowance, you must within seven (7) calendar days of the date of this Notice of Revision or Disallowance deliver to the Monitor a Dispute Notice (in the form enclosed) either by prepaid registered mail, personal delivery, courier or facsimile to the address below. Dispute Notices are deemed to have been received two (2) business days from the date of mailing.

Alger & Associates Inc., the Court-appointed Monitor of the CCAA Debtor

By Mail/Courier:

Alger & Associates Inc.
#400, 602 11th Ave. S.W.
Calgary, Alberta T2R 1J8

Attention: Kiu Lau

IF YOU FAIL TO FILE YOUR DISPUTE NOTICE WITHIN SEVEN (7) CALENDAR DAYS OF THE DATE OF THIS NOTICE OF REVISION OR DISALLOWANCE, THE VALUE OF YOUR CLAIM WILL BE DEEMED TO BE ACCEPTED AS FINAL AND BINDING AS SET OUT IN THIS NOTICE OF REVISION OR DISALLOWANCE.

DATED this _____ day of _____ 2010.

SCHEDULE "E"

**DISPUTE NOTICE FOR CREDITORS OF
MAHALO ENERGY LTD. (THE "CCAA DEBTOR")**

Claim Reference Number: _____

1. Particulars of Creditor:

(a) Full Legal Name of Creditor (include trade name, if different):

(the "Creditor").

(b) Full Mailing Address of the Creditor:

(c) Other Contact Information of the Creditor:

Telephone Number: _____

Email Address: _____

Fax Number: _____

Attention (Contact): _____

2. Particulars of Original Creditor from whom you acquired the Claim, if applicable:

(a) Have you acquired this Claim by assignment? If yes, if not already provided, attach documents evidencing assignment.

Yes

No

(b) Full Legal Name of original creditor(s): _____

3. Dispute of Revision or Disallowance of Claim:

The Creditor hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance and asserts a Claim as follows:

<u>Amount Allowed by Monitor for:</u>			<u>Amount claimed by Creditor for:</u>		
	<u>Voting</u>	<u>Distribution</u>		<u>Voting</u>	<u>Distribution</u>
Unsecured Claim	\$ _____	\$ _____	Unsecured Claim	\$ _____	\$ _____
Secured Claim	\$ _____	\$ _____	Secured Claim	\$ _____	\$ _____

REASON(S) FOR THE DISPUTE:

(You must include a list of reasons as to why you are disputing your Claim as set out in the Notice of Revision or Disallowance)

SERVICE OF DISPUTE NOTICES

If you intend to dispute the Notice of Revision or Disallowance, you must within seven (7) calendar days of the date of the Notice of Revision or Disallowance deliver to the Monitor this Dispute Notice either by prepaid registered mail, personal service, courier, facsimile transmission to the following address. In accordance with the Claims Procedure Order notices shall be deemed to be received two business days from the date of mailing, upon actual receipt thereof by the Monitor during normal business hours on a business day, or if delivered outside of normal business hours, on the next business day.

Alger & Associates Inc., the Court-appointed Monitor of the CCAA Debtor

By Mail/Courier:

Alger & Associates Inc.
#400, 602 11th Ave. S.W.
Calgary, Alberta T2R 1J8

Attention: Kiu Lau

DATED this _____ day of _____, 2010.

<p>_____</p> <p>Witness</p>	<p>Name of Creditor: _____</p> <p>Per: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p><i>(please print)</i></p>
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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
MAHALO ENERGY LTD.

CLAIMS PROCEDURE ORDER

BURNET, DUCKWORTH & PALMER LLP
Barristers and Solicitors
1400, 350 – 7th Avenue S.W.
Calgary, Alberta
T2P 3N9

Attention: Trevor Batty
Telephone: (403) 260-0263
Fax: (403) 260-0332

File No. 60470-42

