

NOTICE TO CREDITORS

IN THE MATTER OF a Plan of Arrangement of Mahalo Energy Ltd. ("Mahalo")

TAKE NOTICE THAT Mahalo has filed with the Clerk of the Court of Queen's Bench of Alberta on August 23, 2010 a proposal for a Plan of Arrangement pursuant to the *Companies' Creditors Arrangement Act*.

A copy of the Plan of Arrangement and the Plan Summary can be viewed on the website of the Monitor, Alger & Associates Inc. (the "Monitor"), at www.alger.ca/mahalo/index.html.

A general meeting of the secured and unsecured creditors of Mahalo will be held on September 15, 2010 at:

Burnet, Duckworth & Palmer LLP

1400, 350 7th Avenue S.W.

Calgary, AB T2P 3N9

at the hour of ten o'clock in the forenoon.

The secured and unsecured creditors qualified to vote at the meeting may, by special resolution, approve the Plan of Arrangement either as made or as altered or modified at the meeting. If so accepted and if approved by the Court, the Plan of Arrangement is binding on all of the creditors.

A proxy intended to be used at the meeting must be lodged with the Monitor at least one business day prior to the meeting.

DATED at Calgary, Alberta, this 23rd day of August, 2010.

David Burton
President, Mahalo Energy Ltd.