

I hereby certify this to be a true copy of
the original Order
Dated this 19 day of June 2009
for Clerk of the Court

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

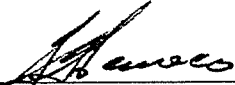
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF **MAHALO ENERGY LTD.**

BEFORE THE HONOURABLE) AT THE CALGARY COURTS CENTRE IN
JUSTICE G. C. HAWCO) THE CITY OF CALGARY, IN THE
IN CHAMBERS) PROVINCE OF ALBERTA, ON THE 19TH
) DAY OF JUNE, 2009.
)

ORDER

UPON the application of Mahalo Energy Ltd. (the "Applicant"), AND UPON having read the Petition and the Affidavit of James Burns, sworn June 18th, 2009 (the "Burns Affidavit"); filed; AND UPON reading the First 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.
- 2. The Stay Period, as defined in Paragraph 13 of the Initial Order granted herein on May 22, 2009, (the "Initial Order") is hereby extended to July 30, 2009.
- 3. Paragraph 23 of the Initial Order is hereby amended in accordance with the form attached hereto as Schedule "A"; and
- 4. The definition of "Lenders" in the Initial Order includes Wells Fargo Foothill, LLC.



J.C.Q.B.A.

ENTERED this 19 day of June, 2009.

V.A. BRANDT 

Clerk of the Court

SCHEDULE "A"

-10-

such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. For so long as the Applicant is not in default under the DIP Credit Agreement, it shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicant, after the date hereof, to make payments of the nature referred to in subparagraphs 6(a), 7(a), 7(b) and 7(c) of this Order which they sustain or incur by reason of or in relation to its respective capacities as directors and/or officers of the Applicant except to the extent that, with respect to any officer or director, such officer or director has participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.
23. To the extent that the Applicant does not expend the amount of cash anticipated to be expended in any given period pursuant to the cash flow statement attached as Exhibit "HA" to the ~~Burns~~ Affidavit of James Burns sworn June 18, 2009 (the "Budget"), the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, as security for the indemnity provided in paragraph 22 of this Order, which charge shall not exceed an aggregate amount of the positive difference, if any, between the Budget and the actual net cash expenditures of the Applicant (the "Positive Balance"). The Directors' Charge is limited to the Positive Balance, if any, at any given time throughout the pendency of these proceedings and shall have the priority set out in paragraphs 33 and 35 herein.
24. Notwithstanding any language in any applicable insurance policy to the contrary:
 - a. no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' charge; and

No: 0901-07221

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

ORDER

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File No.: 60470-42

