

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.

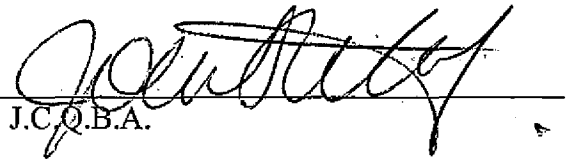
BEFORE THE HONOURABLE)
MADAM JUSTICE J. STREKAF)
IN CHAMBERS)
AT THE CALGARY COURTS CENTRE
IN THE CITY OF CALGARY, IN THE
PROVINCE OF ALBERTA, ON THE 14TH
DAY OF OCTOBER, 2010.

ORDER

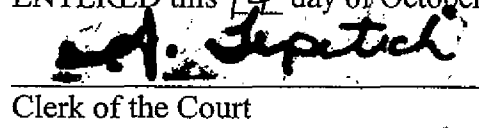
UPON the application of Mahalo Energy Ltd. ("Mahalo"), AND UPON having read the Notice of Motion and the Affidavit of David Burton, sworn October 12, 2010, filed (the "Burton Affidavit"); AND UPON reading the Eleventh Monitor's Report, filed; AND UPON hearing counsel for Mahalo, the Lenders and the Monitor; IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of notice of this application and supporting materials is hereby abridged as necessary and deemed good and sufficient;
2. Mahalo and Alpine Capital Corp. ("Alpine") shall be permitted to close the Investment Agreement on the terms and conditions set out in and contemplated by the Escrow Agreement attached as Exhibit "A" to the Burton Affidavit (the "Escrow Agreement");
3. Notwithstanding s. 36(2) of the *Business Corporations Act*, R.S.A. 2000, c. B-3, as amended, Mahalo shall be permitted to re-purchase the Class A shares issued to Alpine and the Other Investors in accordance with the terms of the Escrow Agreement;
4. 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 November 19, 2010; and

5. Paragraph 23 of the Initial Order is hereby amended in accordance with the form attached hereto as Schedule "A".


J.C.B.A.

ENTERED this 14th day of October, 2010.


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 "HC" to the Burns-Affidavit of David Burton sworn October 12, 2010 (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

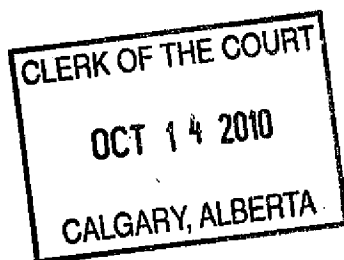
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File No.: 60470-42