THE SECURITIES ACT)	Order No. 6225
)	
Sections 20(1) and 148(1))	November 15, 2010

MAHALO ENERGY LTD.

WHEREAS:

- (A) Mahalo Energy Ltd. (the "Filer") has applied to The Manitoba Securities Commission (the "Commission for an order pursuant to subsections 20(1) and 148(1) of *The Securities Act* C.C.S.M. c.50 R.S.M. 1988, c.S50 (as amended) (the "Act") revoking Commission Order No. 6172 dated July 28, 2010 (the "Manitoba CTO") in connection with Transaction as defined below.
- (B) The Filer has represented to the undersigned that:
 - 1. The Filer was incorporated under the *Business Corporations Act* (Alberta) on April 21, 2004.
 - 2. The Filer's head office is located in Calgary, Alberta.
 - 3. The Filer is currently a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec ("Reporting Jurisdictions").
 - 4. The authorized share capital of the Filer consists of an unlimited number of Class A and Class B Shares of which 2,525,000 Class A Shares, 2,525,000 Class B Shares and nil preferred shares are issued and outstanding as of the date hereof.
 - 5. The Filer has applied for and expects to be granted concurrently with this full revocation order, a decision that the Filer has ceased to be a reporting issuer in each Jurisdiction (the Not a Reporting Issuer Decision). If that decision is granted, the Filer will not be a reporting issuer in any jurisdiction in Canada.
 - 6. The Filer is not in default of any of its obligations as a reporting issuer as of the date hereof, other than the obligation to file: (a) its annual audited financial statements, managements' discussion and analysis and certification of annual filings for the year ended December 31, 2009; and (b) interim unaudited financial statements, interim managements' discussion and analysis and certification of interim filings for the interim period ended March 31, 2010.
 - 7. On May 22, 2009 the Filer was granted protection from its creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to an initial order granted by the Court of Queen's Bench of Alberta on May 22, 2009 which order has been extended several times (the "Initial Order"). Alger & Associates Inc. were appointed as monitor under the CCAA. All proceedings against the Filer

were stayed pursuant to the Initial Order, the purpose of which is to allow the Filer time to solicit and implement a Court approved plan of arrangement (the "Plan") under the CCAA.

- 8. On July 2, 2009, the Common Shares were delisted from trading on the TSX Venture Exchange (the "TSX-V") for failure to meet minimum listing requirements and the Common Shares began trading on the NEX board of the TSX-V under the symbol "CBM".
- 9. The Cease Trade Order was issued due to the failure of the Filer to file its audited annual financial statements, related management's discussion and analysis and certifications for the year ended December 31, 2009 (the "Annual Filings") and interim unaudited financial statements, management's discussion and analysis and certifications for the period ended March 31, 2010 (the "Interim Filings").
- 10. The Filer is also subject to cease trade orders (the "Other Cease Trade Orders") from each of British Columbia, Alberta, Ontario and Québec Securities Commissions for failure to file required filings under applicable securities laws. The Filer has applied for and expects to be granted concurrently with this revocation order, revocations of the Other Cease Trade Orders (the "Other Full Revocation Orders").
- 11. On August 13, 2010, the Filer received partial revocation orders (the Partial Revocation Orders) from each of the Jurisdictions that issued the Other Cease Trade Orders in respect of the following trades (the Transactions) pursuant to the Plan:
 - (i) the entering into of a formal investment agreement (the **Investment Agreement**) among the Filer, Alpine Capital Corp. (**Alpine**) and up to 10 investors identified by Alpine (the **New Investors**);
 - (ii) the subscription by Alpine and the New Investors for newly created class A shares (the **Class A Shares**) of the Filer for cash consideration;
 - (iii) the issuance to up to 30 unsecured creditors (the **Unsecured Creditors**) of the Filer of newly created class B shares (the **Class B Shares**) of the Filer, as part of the settlement of their claims and pursuant to exemptions under section 2.14 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**);
 - (iv) the redemption and cancellation of all of the Filer's issued and outstanding Common Shares for nil consideration; and

- (v) the cancelation of all other securities of the Filer for no consideration.
- 12. The Filer has satisfied every condition of the Partial Revocation Orders.
- 13. Among other things, the Plan includes the proposal that the Filer apply for: (i) the relief requested in the Not a Reporting Issuer Decision; (ii) the relief requested in this Order; and (iii) the relief requested in the Other Full Revocation Orders.
- 14. On September 15, 2010, the Filer held a meeting (the Creditors' Meeting) of secured creditors and all other affected creditors of the Filer to consider and vote upon the Plan. At the Creditors Meeting, the Plan was approved unanimously by the affected creditors who voted at the Creditors Meeting which represented 68% in value and 41% in number of the affected creditors.
- 15. On September 16, 2010, as extended on October 14, 2010, the Court made a sanction order (the Sanction Order) approving the Plan. Among other things, the Sanction Order provides that the Transactions be completed as part of the Plan.
- 16. The Filer delisted the Common Shares from the NEX board of the TSX Venture Exchange on October 6, 2010. As a result, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation.
- 17. The right of any other security holder of the Filer to challenge the Plan as set out in the Sanction Order expired on November 4, 2010.
- 18. On November 4, 2010, pursuant to the Plan and as permitted by the Partial Revocation Orders, the Filer completed the Transactions. Specifically, the Filer:
 - (i) issued 2,525,000 Class A Shares to Alpine and the New Investors for cash consideration of \$2,525,000;
 - (ii) issued 2,525,000 Class B Shares to 30 unsecured creditors for settlement, in part, of their outstanding claims;
 - (iii) redeemed and cancelled all of the Common Shares for nil consideration; and
 - (iv) cancelled all other securities of the Filer (other than the Class A Shares and Class B Shares).
- 19. As a result of the completion of the Transactions, the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 51 security holders in total in Canada and by fewer than

15 security holders in each Jurisdiction other than Alberta where 34 security holders will reside.

- 20. The issuance of the Class A Shares to Alpine and the New Investors as contemplated by the Investment Agreement and the Plan have closed in escrow pursuant to an escrow agreement among the Class A Shareholders, Mahalo and Burnet, Duckworth & Palmer LLP whereby the Class A Shares and the subscription proceeds for such shares have been placed in escrow with Burnet, Duckworth & Palmer LLP with an irrevocable direction that they be released upon receipt of: (i) the Not a Reporting Issuer Decision; (ii) this Order; and (iii) the Other Full Revocation Orders and, provided that, no order, ruling or determination having the effect of ceasing, suspending or restricting trading in any securities of the Filer shall otherwise be outstanding. Once the Not a Reporting Issuer Decision, this Order, and the Other Full Revocation Orders have been issued, the escrow agreement provides that Burnet, Duckworth & Palmer LLP will release the share certificates to the Class A shareholders and disburse the subscription proceeds to the Filer. Upon satisfaction of the escrow release conditions, the Plan will be concluded and completed in all respects.
- 21. Each holder of Class A Shares has consented to the Filer making this application and each older of Class B Shares has knowledge of this application by virtue of the fact that each of the creditors receiving Class B Shares has voted in favour of the Plan, which contains details pertaining to this order, and was given notice of creditor approval of the Plan pursuant to the Sanction Order.
- (C) The Commission is of the opinion that that it would not be prejudicial to the public interest to revoke the Manitoba CTO.

IT IS ORDERED:

1. **THAT** pursuant to section 148(1) of the Act, the Cease Trade Order is hereby revoked.

Deputy Director