



**(TSX: CBM)**

**PRESS RELEASE**

## **Mahalo Files for CCAA Protection**

**CALGARY, ALBERTA – May 22, 2009** - Mahalo Energy Ltd. ("Mahalo" or the "Company") announces that it obtained an order today from the Court of Queen's Bench of Alberta, Judicial District of Calgary for protection under the *Companies' Creditors Arrangement Act* (Canada). Alger & Associates Inc. was appointed monitor under the order. Subject to the order, proceedings by creditors and others cannot be continued or commenced without the consent of Mahalo and the monitor, or leave of the court. A copy of the order will be made available on the monitor's website.

As previously announced, management of the Company has been exploring strategic alternatives since the fall of 2008 and has had discussions with a number of interested parties. To date, no satisfactory offers or proposals have been made and management has concluded that no transaction is likely to take place in the immediate future.

The order permits Mahalo to remain in possession and control of its property, carry on its business and retain employees while the Company continues its previously announced process to evaluate strategic alternatives available to the Company, including the sale of Mahalo or its assets.

Mahalo is a junior, unconventional natural gas company, focusing on the development and production of coal bed methane and shale gas prospects in the United States.

### **ADVISORY**

This news release contains forward-looking information, including estimates, projections, interpretations, prognoses and other information that may relate to future production, resource potential and/or reserves, project start-ups and future capital spending, as well as the outcome of proceedings under the *Companies' Creditors Arrangement Act* (Canada). Forward-looking information contained in this news release is as of the date of this news release. The Company assumes no obligation to update and/or revise this forward-looking information "except as required by law". Actual results, estimates, projections, resource potential and/or reserves, interpretations, prognoses and/or estimated results could differ materially due to changes in project schedules, operating performance, demand for oil and gas, commercial negotiations or other technical and economic factors or revisions.

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