

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

GARY HENAULT

Plaintiff

- and -

BEAR LAKE GOLD LTD., ELAINE BENNETT,  
BERNARD BOILY, ROBERT CUDNEY, DAVID FENNELL,  
ALEXANDER S. HORVATH, ALAIN KRUSHNISKY,  
THOMAS G. LARSEN, PHILLIP MARTIN,  
MILES NAGAMATSU, STEPHEN P. QUIN  
and FRANCOIS VIENS

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**PLAN OF ALLOCATION**

(Supplement to the Settlement Agreement, dated May 12, 2010)

**DEFINED TERMS**

1. For the purposes of this Plan of Allocation, the definitions set out in the Settlement Agreement apply to and are incorporated into this Plan of Allocation and, in addition, the following definitions apply:
  - (a) “**Acquisition Expense**” means the total monies paid by the Claimant (including brokerage commissions) to acquire Eligible Shares;
  - (b) “**Claimant**” means a Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator, on or before the Claims Bar Deadline;
  - (c) “**Disposition Proceeds**” means the total proceeds paid to the Claimant (without deducting any commissions paid in respect of the dispositions) in consideration of the sale of all of his/her/its Eligible Shares; provided, however, that with respect to any Eligible Shares that the Claimant continues to hold, they shall be deemed to have been disposed of for an amount equal to the number of Eligible Shares still held, multiplied by the difference between the average price per common share paid for those Eligible Shares (including any commissions paid in respect thereof determined on a per common share basis) and \$0.23.

- (d) “**FIFO**” means the principle of first-in, first-out, wherein common shares are deemed to be sold in the same order that they were purchased (i.e. the first common shares purchased are deemed to be the first sold); and which requires, in the case of a Claimant who held common shares of BLG at the commencement of the Class Period, that those common shares be deemed to have been sold completely before Eligible Shares are sold or deemed sold;
- (e) “**Net Loss**” means that the Claimant’s Disposition Proceeds are less than the Claimant’s Acquisition Expense;
- (f) “**Net Settlement Amount**” means the Escrow Settlement Amount remaining after payment of Administration Expenses and Class Counsel Fees
- (g) “**Nominal Entitlement**” means an Authorized Claimant’s nominal damages as calculated pursuant to the formula set forth herein, and which forms the basis upon which each Authorized Claimant’s *pro rata* share of the Net Settlement Amount.

#### **CALCULATION OF NET LOSS**

2. A Claimant must have sustained a Net Loss in order to be eligible to receive a payment from the Net Settlement Amount.
3. The Administrator shall first determine whether a Claimant sustained a Net Loss. If the Claimant has sustained a Net Loss, they become an Authorized Claimant, and the Administrator will go on to calculate his/her/its Nominal Entitlement.

#### **CALCULATION OF COMPENSATION**

4. The Administrator will apply FIFO to distinguish the sale of BLG common shares held at the beginning of the Class Period from the sale of Eligible Shares, and will continue to apply FIFO to determine the purchase transactions which correspond to the sale of Eligible Shares. The Administrator will use this data in the calculation of an Authorized Claimant’s Nominal Entitlement according to the formulas listed below.
5. The date of sale or deemed disposition shall be the trade date, as opposed to the settlement date, of the transaction.

6. For the purposes of any calculation under the Plan of Allocation, the Administrator will account for any stock splits or consolidations that occur after the Class Period, such that Authorized Claimants' holdings for the purposes of the calculations are completed in units equivalent to those traded during the Class Period.
  
7. An Authorized Claimant's Nominal Entitlement will be calculated as follows:
  - I. No Nominal Entitlement shall be available for any Eligible Shares *disposed of* prior to the first alleged corrective disclosure, that is, *prior to July 21, 2009*.**
  
  - II. For Eligible Shares *disposed of* during the 10 trading day period following the alleged corrective disclosure, that is, *on or between July 28 and August 10, 2009*, the Nominal Entitlement shall be:**
    - A. an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and the price per share received upon the disposition of those Eligible Shares (without deducting any commissions paid in respect of the disposition).
  
  - III. For Eligible Shares *disposed of* after the 10 trading day period following the alleged corrective disclosure, that is, *after the close of trading on August 10, 2009*, the Nominal Entitlement shall be the lesser of:**
    - A. an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and the price per share received upon the disposition of those Eligible Shares (without deducting any commissions paid in respect of the disposition); and
  
    - B. an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and \$0.23 [being the 10 trading day volume weighted average

trading price of BLG common shares on the TSX-V from July 28 to August 10, 2009].

**IV. For Eligible Shares still held at the time the Claim Form is completed, the Nominal Entitlement shall be:**

- A. an amount equal to the number of Eligible Shares still held, multiplied by the difference between the volume weighted average price paid for those Eligible Shares (including any commissions paid in respect thereof) and \$0.23 [being the 10 trading day volume weighted average trading price of BLG common shares on the TSX-V from July 28 to August 10, 2009].

**FINAL DISTRIBUTION**

8. Each Authorized Claimant's actual compensation shall be the portion of the Net Settlement Amount equivalent to the ratio of his/her/its Nominal Entitlement to the total Nominal Entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, as calculated by the Administrator.
9. Compensation shall be paid to Authorized Claimants in Canadian currency.