

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

ALEXANDER DOBBIE and MICHAEL BENSON

Plaintiffs

- and -

ARCTIC GLACIER INCOME FUND, ARCTIC GLACIER INC., RICHARD L. JOHNSON, KEITH W. MCMAHON, DOUGLAS A. BAILEY, FRANK LARSON, GARY COOLEY and, in their personal capacities and as Trustees of Arctic Glacier Income Fund, JAMES E. CLARK, ROBERT J. NAGY, GARY A. FILMON and DAVID R. SWAINE

Proceeding under the *Class Proceedings Act*, 1992

PLAN OF ALLOCATION

(Supplement to the Settlement Agreement, dated April 25, 2012)

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 Units;
 - (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 Units; provided, however, that with respect to any Eligible Units that the Claimant continues to hold, they shall be deemed to have been disposed of for an amount equal to the number of Eligible Units still held, multiplied by \$1.84 [being the 10 trading day volume weighted average trading price of Arctic Glacier Units on the TSX from September 17, 2008 to September 30, 2008 inclusive];
 - (d) “**FIFO**” means the principle of first-in, first-out, wherein Units are deemed to be sold in the same order that they were purchased (i.e. the first Units purchased are

deemed to be the first sold); and which requires, in the case of a Claimant who held Units of Arctic Glacier at the commencement of the Class Period, that those Units be deemed to have been sold completely before Eligible Units 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; and
- (g) “**Nominal Entitlement**” means a Claimant’s nominal damages as calculated pursuant to the formula set forth herein, and which forms the basis upon which each Claimant’s *pro rata* share of the Net Settlement Amount is determined.

CALCULATION OF NET LOSS AND NOMINAL ENTITLEMENT

2. A Claimant must have sustained a Net Loss in order to be eligible to receive a payment from the Net Settlement Amount. A Claimant who has not suffered a net loss as calculated hereunder shall not be entitled to receive any portion of 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.
4. No Nominal Entitlement shall be allocated in respect Eligible Units acquired by a Class Member in its capacity as an underwriter to an offering of Units made during the Class Period.
5. The Administrator will apply FIFO to distinguish the sale of Arctic Glacier Units held at the beginning of the Class Period from the sale of Eligible Units, and will continue to apply FIFO to determine the purchase transactions which correspond to the sale of Eligible Units. The Administrator will use this data in the calculation of an Authorized Claimant’s Nominal Entitlement according to the formulas listed below.

6. The date of a purchase, sale or deemed disposition shall be the trade date, as opposed to the settlement date, of the transaction.
7. For the purposes of any calculation under the Plan of Allocation, the Administrator will account for any unit splits or consolidations that occur during and after the Class Period, such that the Claimants' holdings for the purposes of the calculations are completed in units equivalent to those traded during the Class Period.
8. A Claimant's Nominal Entitlement will be calculated as follows:
 - I. No Nominal Entitlement shall be attributed to any Eligible Units *disposed of* prior to the first alleged corrective disclosure, that is, *prior to March 6, 2008*.**
 - II. For Eligible Units *disposed of* between the first alleged corrective disclosure and the end of the 10 trading day period following the final alleged corrective disclosure on September 17, 2008, that is, *on or between March 6, 2008 and September 30, 2008*, the Nominal Entitlement shall be:**
 - A. an amount equal to the number of Eligible Units thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Units (including any commissions paid in respect thereof) and the average price per share received upon the disposition of those Eligible Units (without deducting any commissions paid in respect of the disposition).
 - III. For Eligible Units *disposed of* after the 10 trading day period following the second alleged corrective disclosure, that is, *on or after September 30, 2008*, the Nominal Entitlement shall be the lesser of:**
 - A. an amount equal to the number of Eligible Units thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Units (including any commissions paid in respect thereof) and the price per share received upon the disposition of those Eligible Units (without deducting any commissions paid in respect of the disposition); and
 - B. an amount equal to the number of Eligible Units thus disposed of, multiplied by the difference between the volume weighted average price paid for those Eligible Units (including any commissions paid in respect thereof) and \$1.84 [being the 10 trading day volume weighted average trading price of Arctic Glacier Units on the TSX from September 17, 2008 to September 30, 2008 inclusive].

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

- A. an amount equal to the number of Eligible Units still held, multiplied by the difference between the volume weighted average price paid for those Eligible Units (including any commissions paid in respect thereof) and \$1.84 [being the 10 trading day volume weighted average trading price of Arctic Glacier Units on the TSX from September 18, 2008 to September 30, 2008 inclusive].

FINAL DISTRIBUTION

9. Each 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.
10. Compensation shall be paid to Claimants in Canadian currency.
11. The Administrator will not distribute entitlements of less than \$1.00. Such amounts will instead be redistributed pro rata to the other Authorized Claimants.
12. The Administrator shall be authorized to distribute the Net Settlement Amount in accordance with this Plan of Allocation upon having received and reviewed the Claim Forms submitted by the Claims Bar Deadline without further order of the Court.
13. If, one hundred eighty (180) days from the date on which the Administrator distributes the Net Settlement Amount to Claimants, the Escrow Account remains in a positive balance (whether due to tax refunds, uncashed cheques or otherwise), the Administrator shall, if feasible, reallocate such balance among the Claimants in an equitable and economic fashion. In the event any such remaining balance is less than CAN\$25,000.00, such balance will be donated to FAIR Canada. Under no circumstances will any repayment be made to the Contributing Parties.