

SCHEDULE "C" (SETTLEMENT AGREEMENT)
DISTRIBUTION PLAN

THE DEFINED TERMS

1. For the purposes of this Plan, the definitions set out in the Settlement Agreement, except as modified herein, apply to and are incorporated into this Plan 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) **"Authorized Claimant"** means a Class Member who: (i) submitted a properly completed Claim Form and all required supporting documentation to the Administrator; (ii) suffered a Net Loss; and (iii) the Administrator has determined is eligible to receive a Distribution from the Compensation Fund;
 - (c) **"Claimant"** means a person who files a Claim Form on or before the Claims Bar Deadline;
 - (d) **"Compensation Fund"** means the Settlement Amount less Class Counsel Fees and the Administration Expenses;
 - (e) **"Database"** means the web-based database in which the Administrator stores information received from the Defendants and/or acquired through the claims process;
 - (f) **"Distribution"** means payment to Authorized Claimants in accordance with this Plan, the Settlement Agreement and any order of the Courts;
 - (g) **"Distribution List"** means a list containing the name and address of each Authorized Claimant, the calculation of his/her/its Net Loss and the calculation of the Authorized Claimant's pro rata share of the Compensation Fund;
 - (h) **"Distribution 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 security paid for those Eligible Shares (including any commissions paid in respect thereof determined on a per security basis) and \$2.61;

- (i) “**Eligible Shares**” means Shares purchased or acquired during the Class Period;
- (j) “**FIFO**” means the principle of first-in first-out, wherein securities are deemed to be sold in the same order that they were purchased (i.e. the first securities purchased are deemed to be the first sold); and which requires, in the case of a Claimant who held Shares at the commencement of the Class Period, that those Shares be deemed to have been sold completely before Eligible Shares are sold;
- (k) “**Net Loss**” means that the Claimant’s Disposition Proceeds are less than the Claimant’s Acquisition Expense; and is the difference between: (1) the Claimant’s Acquisition Expense; and (2) the Claimant’s Disposition Proceeds;
- (l) “**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 Compensation Fund is calculated;
- (m) “**Reference**” means the procedure by which a Claimant who disagrees with the Administrator’s decision relating to eligibility for compensation, the determination of the number of Eligible Shares, or the amount of the Net Loss, may appeal the Administrator’s decision and have it reviewed by the Referee; and
- (n) “**Website**” means the website at www.southwesternclassaction.com.

THE OVERVIEW

2. The Plan contemplates a determination of eligibility and an allocation and Distribution to each Authorized Claimant of a share of the Compensation Fund calculated as the ratio of his/her/its Nominal Entitlement to the total Nominal Entitlement of all Authorized Claimants multiplied by the amount of the Compensation Fund. An Authorized Claimant will be eligible to participate in the Distribution of the Compensation Fund only if he, she or it has a Net Loss on the disposition of Eligible Shares.
3. For the purposes of determining the amount an Authorized Claimant may recover pursuant to this Settlement, the Plan reflects the Plaintiffs’ damages theory, namely, that

the Share value was artificially inflated by the misrepresentation that the reported results of SWR's Boka exploration activities were accurate and could be relied upon by investors, and that several subsequent releases acted to reduce the inflation of the Share value namely:

- (a) on June 18, 2007, SWR issued a press release announcing a delay in release of the Boka pre-feasibility study and on June 19, 2007, SWR issued a press release announcing the sudden and immediate resignation of SWR's President and CEO John Paterson. SWR's Share value declined over the 10 trading days following these disclosures; and
- (b) on July 19, 2007, SWR issued a press release disclosing unspecified deficiencies in SWR's control procedures for the Boka project, and announcing the withdrawal of all previously announced results for the Boka project. SWR's Share value experienced a significant decline over the 10 trading days following this disclosure.

GENERAL PRINCIPLES OF THE ADMINISTRATION

- 4. The administration to be established shall:
 - (a) implement and conform to the Plan;
 - (b) employ secure, paperless, web-based systems with electronic registration and record keeping, wherever practical; and
 - (c) be bilingual in all respects and include a bilingual website and a bilingual toll-free telephone help service to be operated by live operators at times that accommodate access by potential members of the Class across Canada.

THE ADMINISTRATOR

5. The Administrator shall have such powers and rights reasonably necessary to discharge its duty and obligation to implement and administer the Escrow Account and the Plan in accordance with their terms, subject to the direction of the Courts.

THE ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

6. The Administrator shall administer the Plan under the oversight and direction of the Courts and act as trustee in respect of the monies held within the Escrow Account upon receipt from Siskinds LLP.
7. The Administrator shall, wherever practical, develop, implement and operate an administration system utilizing web-based technology and other electronic systems for the following:
 - (a) receipt of Defendants' data, via Computershare Limited or via Broadridge Financial Solutions, Inc. concerning the identity and contact information of registered holders or beneficial owners of Shares, respectively;
 - (b) class notification, as required;
 - (c) opt-out recording, analysis and reporting;
 - (d) claim filing and document collection;
 - (e) claim evaluation, analysis, and Reference procedures;
 - (f) distribution analysis and Distributions;
 - (g) *cy près* award distribution, if any, and reporting thereon;

- (h) Administration Expense payments; and
 - (i) cash management, audit control and reporting thereon.
8. The Administrator's duties and responsibilities shall include the following:
- (a) recording, analyzing, determining the validity of and reporting in respect of opt-outs;
 - (b) if practicable, providing any person who submits an Opt-Out Form prior to the Opt-Out Deadline, but whose Opt-Out Form is not properly completed or does not include some of the required supporting documentation, an opportunity to remedy any deficiency therewith;
 - (c) receiving the monies in the Escrow Account from Siskinds LLP and investing them in trust in accordance with the Settlement Agreement;
 - (d) preparing any protocols required for submission to and approval of the Courts;
 - (e) providing the hardware, software solutions and other resources necessary for an electronic web-based bilingual claims processing centre to function in a commercially reasonable manner;
 - (f) providing, training and instructing personnel in such reasonable numbers as are required for the performance of its duties in the most expedient, commercially reasonable manner;
 - (g) instituting a tracing process to locate a current address for those Class Members whose Second Notice is returned to Class Counsel "address unknown," and re-mailing the Second Notice, at least forty five (45) days prior to the Claims Bar Deadline, to those Class Members for whom the tracing process provides a new mailing address, and who have not yet filed a Claim Form;

- (h) developing, implementing and operating electronic web-based systems and procedures for receiving, processing, evaluating and decision making respecting the claims of Class Members, including making all necessary inquiries to determine the validity of such claims;
- (i) if practicable, providing any Claimant whose Claim Form is not properly completed or does not include some of the required supporting documentation, an opportunity to remedy the deficiency as stipulated in the Settlement Agreement;
- (j) making timely assessments of eligibility for compensation and providing prompt notice thereof;
- (k) making Distributions from the Compensation Fund in a timely fashion;
- (l) dedicating sufficient personnel to communicate with a Claimant in either English or French as the Claimant elects;
- (m) using its best efforts to ensure that its personnel provide timely, helpful and supportive assistance to Claimants in completing the claims application process and in responding to inquiries respecting claims;
- (n) preparing for, attending and defending its decisions at all References;
- (o) distributing and reporting on any *cy près* awards;
- (p) making payments of Administration Expenses;
- (q) maintaining a database with all information necessary to permit the Courts to evaluate the progress of the administration, as may, from time to time, be required;
- (r) reporting to the Courts respecting claims received and administered, and Administration Expenses; and
- (s) preparing such financial statements, reports and records as directed by the Courts.

9. The costs of giving the notices required pursuant to the Approval Orders and the Plan are not to be paid by the Administrator from its fee.

THE OPT-OUT PROCEDURE

10. Each Class Member who wishes to opt out must submit a properly completed Opt-Out Form along with all required supporting documents as follows:
 - (a) in the case of persons resident outside of Québec and the Exempt Québec Members, to the Administrator, on or before the Opt-Out Deadline; and
 - (b) in the case of persons resident in Québec, other than the Exempt Québec Members, to the Clerk of the Québec Court and to the Administrator, in both cases, on or before the Opt-Out Deadline.
11. In order to remedy any deficiency in the completion of the Opt-Out Form, the Administrator may require and request that additional information be submitted by a Class Member who submits an Opt-Out Form, and that such Class Members shall have until the Opt-Out Deadline to respond to such request.
12. If a Class Member fails to submit a properly completed Opt-Out Form and/or all required supporting documents to the Administrator or fails to remedy any deficiency by the Opt-Out Deadline, the Class Member shall not have opted out of the Actions, subject to any order of the Courts to the contrary, but will in all other respects be subject to, and bound by, the provisions of the Settlement Agreement and the releases contained therein.

13. The Opt-Out Deadline shall not be extended unless the Courts order otherwise.
14. The Excluded Persons are not Class Members and therefore cannot opt out of the Actions.
15. Class Members who opt out shall be excluded from any and all rights and obligations arising from the Settlement. Except as provided in paragraph 16, Class Members who do not opt out have elected to participate in the Settlement regardless of whether the Class Member files a Claim Form.
16. Québec Class Members who have commenced proceedings, or who commence proceedings against any Releasee regarding the Released Claims after the date the Settlement Agreement is executed, but who fail to discontinue such proceedings by the Opt-Out Deadline, shall be deemed to have opted out.

THE CLAIMS PROCEDURE

17. The Administrator shall, in accordance with the Settlement Agreement and Plan, determine the eligibility of Claimants for compensation, the amount of compensation to which each Claimant is entitled, and shall distribute the Compensation Fund to Authorized Claimants subject to the terms and conditions set out herein.

18. In order to be eligible to participate in the Distribution of the Compensation Fund, a Class Member must submit to the Administrator, on or before the Claims Bar Deadline, a completed Claim Form and the required supporting documents.

19. The required supporting documentation which a Claimant must submit to the Administrator will include:
 - (a) trading account statements, trade confirmation slips or other evidence confirming the number of Shares held at the close of trading on the last trading day prior to the commencement of the Class Period, namely, December 2, 2003.
 - (b) trading account statements, trade confirmation slips or other evidence confirming the number of Shares acquired during the Class Period, the date(s) upon which such Shares were acquired, and the acquisition price(s) including commissions paid in respect thereof, if applicable;
 - (c) trading account statements, trade confirmation slips or other evidence confirming the number of Shares disposed of during the Class Period and/or during the 10 day period commencing on July 19, 2007 through and including August 1, 2007, the date(s) upon which such Shares were disposed of, and the disposition price(s) excluding commissions paid in respect thereof, if applicable;
 - (d) trading account statements, trade confirmation slips or other evidence confirming the current retention of Shares purchased during the Class Period;
 - (e) if the Claimant is acting in a representative capacity, documents that confirm his/her/its authority to act on behalf of the Class Member beneficiary, such as letters probate, letters of administration or other document evidencing authority to act.

20. In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by Claimants. Such Claimants shall have thirty (30) days from the date of the communication or correspondence to rectify the deficiency. Any person who does not respond to such a request for information within the thirty (30) day period, or prior to the Claims Bar Deadline which ever is later, shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Courts to the contrary, but will in all other respects be subject to, and bound by, the provisions of the Settlement Agreement and the releases contained herein.
21. Any Class Member who does not submit a Claim Form and required supporting documentation with the Administrator on or before the Claims Bar Deadline will not be permitted to participate in the Distribution without permission of the Courts. The Administrator will not accept or process any Claim Form received after the Claims Bar Deadline unless directed to do so by the Courts.
22. The Administrator shall cause the information in the Database to be posted and accessible at the settlement Website.
23. Information in the Database concerning a claim shall be accessible to the Claimant electronically. Each Claimant shall be supplied with a personal user identification name and personal password that will permit the Claimant to access only his/her/its own information in the Database.

24. The Administrator may deal with Claimants in a manner that is not through an electronic medium as and when it determines that such a step is feasible and/or necessary. However, in all cases the information acquired concerning Claimants shall be entered into the Database.
25. Once a Claim Form and required supporting documentation is received by the Administrator, the Administrator shall:
- (a) determine the number of Eligible Shares;
 - (b) decide whether the Claimant is eligible to participate in the Distribution taking into account whether the Claimant has sustained a Net Loss from his/her/its Eligible Share transactions;
 - (c) determine the number of Shares the Claimant held at the commencement of the Class Period;
 - (d) calculate the Claimant's Nominal Entitlement;
 - (e) if the total value of the Nominal Entitlements of all Authorized Claimants exceeds the settlement monies, calculate the amount of the Claimant's *pro rata* share of the Compensation Fund; and
 - (f) depending upon the value of all valid claims for compensation, prejudgment interest up to a cap of 4%.
26. A decision of the Administrator in respect of a claim and any Claimant's entitlement to participate in or a share of the Distribution, subject to the Claimant's right to elect to refer the decision to the Referee for review, will be final and binding upon the Claimant and the Administrator.

CALCULATION OF NET LOSS

27. Following the determination of the number of each Claimant's Eligible Shares, the Administrator shall determine whether each Claimant sustained a Net Loss in order to be eligible to receive a Distribution from the Compensation Fund.
28. A Claimant's Net loss shall be an amount equal to the difference between the Claimant's Acquisition Expense; and the Claimant's Disposition Proceeds.

CALCULATION OF COMPENSATION

29. Each Authorized Claimant will be paid a portion of the Compensation Fund calculated as the ratio of his/her/its Nominal Entitlement to the total Nominal Entitlement of all Authorized Claimants multiplied by the amount of the Compensation Fund.
30. The Administrator will apply FIFO to distinguish the sale of Shares held at the beginning of the Class Period from the sale of Eligible Shares, and will then apply the applicable formula, as stipulated further below, to the sale of Eligible Shares.
31. An Authorized Claimant's Recognized Claim will be calculated as follows:
 - A. For Eligible Shares disposed of on or between June 20 and July 4, 2007, the Nominal Entitlement shall be an amount equal to the difference between the average price paid for the Eligible Shares thus disposed of (including any commissions paid in respect thereof) and the price received upon the disposition

of those Eligible Shares (without deducting any commissions paid in respect of the disposition).

- B. For Eligible Shares disposed of on or between July 5 and July 18, 2007, the Nominal Entitlement shall be the lesser of:
- (a) an amount equal to the difference between the average price paid for the Eligible Shares thus disposed of (including any commissions paid in respect thereof) and the price 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 average price per security paid for those Eligible Shares (including any commissions paid in respect thereof determined on a per security basis) and \$5.82 [being the 10 trading day volume weighted average price of securities from June 20 to July 4, 2007].
- C. For Eligible Shares disposed of on or between July 19 and August 1, 2007 the Nominal Entitlement shall be an amount equal to the difference between the average price paid for the Eligible Shares thus disposed of (including any commissions paid in respect thereof) and the price received upon the disposition of those Eligible Shares (without deducting any commissions paid in respect of the disposition);
- D. For Eligible Shares disposed of after the close of trading on August 1, 2007, the Nominal Entitlement shall be the lesser of:

- (a) an amount equal to the difference between the average price paid for the Eligible Shares thus disposed of (including any commissions paid in respect thereof) and the price received upon the disposition of those Eligible Shares (without deducting any commissions paid in respect of the disposition), calculated taking into account the result of hedging or other risk limitation transactions; and
 - (b) an amount equal to the number of Eligible Shares thus disposed of, multiplied by the difference between the average price per security paid for those Eligible Shares (including any commissions paid in respect thereof determined on a per security basis) and \$2.61 [being the 10 trading day volume weighted average price of securities from July 19 to August 1, 2007].
 - E. For any Eligible Shares which have not been disposed of the Nominal Entitlement shall be an amount equal to the number of Eligible Shares still held, multiplied by the difference between the average price per security paid for those Eligible Shares (including any commissions paid in respect thereof determined on a per security basis) and \$2.61 [being the 10 trading day volume weighted average price of securities from July 19 to August 1, 2007].
 - F. No Nominal Entitlement shall be available for any Eligible Shares disposed of prior to June 20, 2007 or, in the case of Eligible Shares purchased during the period from June 20 to July 18, 2007, disposed of prior to July 19, 2007.
32. Once the Administrator determines a Claimant's Authorized Claimant status, the respective number of his, her or its Eligible Shares; his, her or its Net Loss and his her or

its *pro rata* share of the Compensation Fund, the Administrator shall advise the Claimant of the Administrator's decision by posting its decision on the Website accessible to the Claimant by personal identification name and personal password.

THE REFEREE

33. The Referee shall have such powers and rights as are reasonably necessary to discharge her duty and obligation to finally decide all reviews of the Administrator's decisions arising under the Plan in a summary manner.
34. The Referee shall establish and employ a summary procedure to review any disputes arising from a decision of the Administrator, and may enter into such mediation and arbitration proceedings as the Referee may deem necessary.
35. All decisions of the Referee shall be in writing and shall be final and conclusive and there shall be no appeal therefrom whatsoever.

THE PROCEDURE FOR REFERENCES

36. If a Claimant disagrees with the Administrator's decision relating to eligibility to participate or share in the Distribution, the determination of the number of Eligible Shares, or the amount of the Net Loss, a Claimant may elect a Reference by the Referee by delivering a written election for review to the Administrator within fifteen (15) days of receipt of the Administrator's decision.

37. The election for a Reference must set out the basis for the disagreement with the Administrator's decision and attach all documents relevant to the review which have not previously been delivered to the Administrator. This election for a Reference must be accompanied by a certified cheque or money order, payable to the Administrator, in the amount of \$150.
38. Upon receipt of an election for a Reference, the Administrator shall deliver to the Referee a copy of:
 - (a) the election for a Reference and accompanying documents;
 - (b) the Administrator's decision on eligibility, the number of Eligible Shares and its calculation of the Nominal Entitlement, as applicable; and
 - (c) the Claim Form and supporting documents.
39. The Referee will carry out the Reference in the least expensive, most summary manner possible. The Referee will provide all necessary procedural directions and the review will be in writing unless the Referee provides different directions.
40. The Administrator shall participate in the process established by the Referee to the extent directed by the Referee.
41. The Referee shall deliver a written decision to the Claimant and the Administrator. If the Referee disturbs the Administrator's decision relating to eligibility to participate or share in the Distribution, the number of Eligible Shares or Net Loss, the Administrator shall return the \$150 deposit to the Claimant. If the Referee does not disturb the

Administrator's decision, the Administrator shall deposit the \$150 deposit to the Compensation Fund.

REPORTING TO THE ONTARIO COURT

42. As soon as practicable after the completion of the claims submission and election for review process, the Administrator will bring a motion for authorization to make Distributions from the Compensation Fund. In support of this motion the Administrator will file the Distribution List with the Ontario Court.
43. No Distribution shall be made by the Administrator until authorized by the Ontario Court.
44. The Administrator may make interim Distributions if authorized by the Ontario Court.
45. Each Authorized Claimant whose name appears on the Distribution List shall comply with any condition precedent to Distribution that the Ontario Court may impose.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

46. The Administrator shall make Distributions from the Compensation Fund forthwith after receipt of authorization from the Ontario Court to make Distributions to the Authorized Claimants whose names are on the Distribution List.

47. If the Escrow Settlement Account is in a positive balance after one hundred eighty (180) days from the date of Distribution of the Escrow Settlement Amount (whether by reason of tax refunds, un-cashed cheques or otherwise), the Administrator shall, if feasible, reallocate such balance among those Claimants whose names are on the Distribution List in an equitable and economic fashion. Any balance below CAN\$40,000.00 which still remains thereafter shall be donated as follows: 76% to the Small Investor Protection Association and 24% to the *Fonds d'Aide*. Under no circumstances will any repayment be made to the Contributing Parties.

ADMINISTRATION EXPENSES

48. The Administrator shall pay the fees, disbursements, taxes and other costs of:
- (a) the Administrator;
 - (b) the Referee; and
 - (c) such other persons at the direction of the Ontario Court;
- out of the Escrow Settlement Amount in accordance with the provisions of the Settlement Agreement, the Approval Orders and any other orders of the Ontario Court.

NO ASSIGNMENT

49. No amount payable under the Plan may be assigned without the written consent of the Administrator.

ADMINISTRATOR'S FINAL REPORT TO THE COURTS

50. Upon the conclusion of the administration, or at such other time as the Courts direct, the Administrator shall report to the Courts on the administration and shall account for all monies it has received, administered and disbursed by Distribution or otherwise and may obtain orders from the Courts discharging it as Administrator.