

BREAKWATER RESOURCES LTD.

DISCLOSURE POLICY

1. Objective and Scope

The objective of this disclosure policy is to ensure that communications to the public about Breakwater Resources Ltd. (the "Corporation") are:

- timely, factual and accurate;
- broadly disseminated in accordance with all applicable legal and regulatory requirements;
- consistent; and
- not harmful to the business of the Corporation.

This disclosure policy confirms in writing the disclosure policy and practices of the Corporation. Its goal is to raise awareness of the approach of the Corporation to disclosure among directors, officers and employees.

This disclosure policy extends to all employees, officers and directors of the Corporation and those authorized to speak on its behalf. It covers disclosure in documents filed with the securities regulators and written statements made in the Corporation's annual and quarterly reports, news releases, letters to securityholders, presentations by senior management and information contained on the Corporation's website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

2. Responsibility for Disclosure Policy

A disclosure policy committee (the "Committee") responsible for overseeing the disclosure practices of the Corporation has been established and consists of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Corporate Secretary, the Vice-President, Investor Relations and the Corporation's Designated Qualified Person.

The Committee will set benchmarks for a preliminary assessment of materiality, will determine when developments justify public disclosure and will determine what information will be disclosed. The Committee will assist management of the Corporation to develop, put in place and, if necessary, revise, procedures and internal controls in connection with the disclosure practices of the Corporation which shall be maintained and monitored by management of the Corporation. The Committee will meet as required and minutes of meetings will be maintained as considered appropriate. It is essential that members of the Committee be kept fully apprised of all pending material developments with respect to the Corporation in order to evaluate and discuss those events and to determine the appropriateness and timing for the public release of information. If it is determined that the information should remain confidential, the Committee will determine how that information will be kept confidential.

The Committee will review and update, if necessary, this disclosure policy on an annual basis or as needed to ensure compliance with regulatory requirements. The Committee will also be responsible for monitoring the effectiveness of, and compliance with, this disclosure policy. The Committee will have a charter and will report to the Corporate Governance and Nominating Committee.

3. **Principles of Disclosure of Material Information**

Material information refers to a material fact or a material change and is any information relating to the business and affairs of the Corporation that results in, or would reasonably be expected to result in, a significant change in the market price or value of the securities of the Corporation. **A material change is specifically defined to include, but is not limited to, any decision by the directors to implement a material change, as well as any decision made to implement such a change by senior management, if approval of the directors is probable.**

For purposes of this policy, public issuer includes any issuer, whether a corporation or otherwise, whose securities are traded in a public market, whether on a stock exchange or "over the counter".

In complying with the requirement to disclose forthwith all material information under applicable laws, regulations and stock exchange rules, the Corporation will adhere to the following basic disclosure principles:

- (a) Material information will be publicly disclosed as soon as practicable via news release.
- (b) Material change reports will be filed when required in accordance with applicable securities regulation.
- (c) In certain circumstances, the Committee may determine that such disclosure would be unduly detrimental to the Corporation (for example if release of the information would prejudice negotiations in a transaction), in which case the information will be kept confidential until the Committee determines it is appropriate to publicly disclose it. Where applicable, the Committee will cause a confidential material change report to be filed with the applicable securities regulators and will periodically (at least every 10 days) review its decision to keep the information confidential and advise the applicable securities regulators of that decision (also see 'Rumours').
- (d) Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading).
- (e) Unfavourable material information must be disclosed as promptly and completely as favourable information.
- (f) Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person, unless such disclosure is in the necessary course of business, such information must be broadly disclosed as soon as practicable via news release and such person should be advised that the information is material and has not been generally disclosed.
- (g) Disclosure on the Corporation's website alone does not constitute adequate disclosure of material information.
- (h) Disclosure must be corrected as soon as practicable if the Corporation subsequently learns that earlier disclosure by the Corporation contained a material error at the time it was made.

4. **Maintaining Confidentiality**

Any director, officer or employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the necessary course of business, and from trading on such confidential material information. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning the Corporation will be told that they must not divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in securities of the Corporation until the information is publicly disclosed. Such outside parties may be asked to confirm their commitment to non-disclosure and prohibition on trading in the form of a written confidentiality and standstill agreement.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- (a) Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business and code names should be used if necessary.
- (b) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- (c) Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them and wherever possible, should be shredded.
- (d) Directors should be mindful of the manner in which board materials are discarded. Board materials should not be discarded where others can retrieve them and wherever possible, should be shredded.
- (e) Employees and officers must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
- (f) Transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
- (g) Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
- (h) Access to confidential electronic data should be restricted through the use of passwords.

5. **Designated Spokepersons**

The Corporation designates a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Corporate Secretary, the Vice President,

Investor Relations and the Corporation's Designated Qualified Person are currently the official spokespersons for the Corporation. Such officers may designate, to the extent appropriate, other members of management to speak on behalf of the Corporation to respond to specific inquiries. The Committee may, from time to time, designate in writing others to speak on behalf of the Corporation as back-ups or to respond to specific inquiries.

Employees, officers and directors who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by a member of the Committee. All such inquiries shall be referred to the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Corporate Secretary, the Vice President, Investor Relations or the Corporation's Designated Qualified Person.

6. **News Releases**

Once the Committee determines that a development is material, it will authorize the issue of a news release, unless the Committee determines that such development must remain confidential for the time being. If a development is to remain confidential, then appropriate confidential filings must be made and control of the inside information must be instituted. Should a material statement inadvertently be made in a selective forum, the Corporation will, as soon as practicable, issue a news release in order to fully disclose that information and, if possible, the Corporation will advise the recipient that such information is material and has not generally been disclosed.

If required under the rules of any stock exchange upon which securities of the Corporation are listed, where such stock exchange is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information should be provided to the market surveillance department to enable a trading halt, if deemed necessary by the stock exchange. If a news release announcing material information is issued outside of trading hours, market surveillance should be notified before the market opens.

Annual and interim financial results will be publicly released following approval by the directors of the Corporation.

News releases will be disseminated through an approved news wire service that provides simultaneous national and/or international distribution. Arrangements should be made to ensure that news releases will be transmitted to all stock exchange members, relevant regulatory bodies, including by SEDAR with the applicable securities regulators, major business wires, national financial media and the local media in areas where the Corporation has its headquarters and operations. News releases should be posted on the Corporation's website immediately after release over the news wire. The news release page of the website should include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

7. **Conference Calls**

To the extent considered appropriate at the relevant time, conference calls may be held for quarterly and annual earnings and major corporate developments, whereby discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. The call will be preceded by a news release containing all relevant material information and a meeting of the Committee to discuss the nature and extent of information to be provided during the conference

call. Where practical, statements and responses to anticipated questions should be scripted in advance and reviewed by the Committee. At the beginning of the call, a spokesperson for the Corporation will provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties.

The Corporation will provide advance notice of the conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, the Corporation may send invitations to analysts, institutional investors, the media and others invited to participate. Any non-material supplemental information provided to participants should also be posted to the Corporation's website for others to view. A tape recording of the conference call and/or an archived audio webcast on the Internet should be made available following the call for a minimum of seven days for anyone interested in listening to a replay.

The Committee should hold a debriefing meeting after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information has occurred, the Corporation should, as soon as practicable, disclose such information broadly via a news release.

8. **Rumours**

The Corporation should not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Corporation's spokespersons should respond consistently to those rumours, saying, "It is our policy not to comment on market rumour or speculation." Should a stock exchange request that the Corporation make a definitive statement in response to a market rumour that is causing significant volatility in the share price, the Committee will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, the Corporation should, as soon as practicable and, in accordance with Article 3(c), issue a news release disclosing the relevant material information.

9. **Contacts with Analysts, Investors and the Media**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Corporation intends to announce material information at an analyst or securityholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Corporation recognizes that meetings with analysts and significant investors are an important element of the Corporation's investor relations program. The Corporation should meet with analysts and investors on an individual or small group basis as needed and should respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy.

The Corporation will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Corporation should not alter the materiality of information by breaking down the information into smaller, non-material components.

Spokespersons should keep notes of telephone conversations with analysts and investors and where practicable more than one representative of the Corporation should be present at all

individual and group meetings. A debriefing should be held after such meetings and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Corporation should, as soon as practicable, disclose such information broadly via news release.

The foregoing guidelines relating to communications with analysts and investors also apply to communication with members of the media.

10. **Reviewing Analyst Draft Reports and Models**

It is the policy of the Corporation to review, upon request, analysts' draft research reports or models. The Corporation will review the report or model only for the purpose of pointing out errors in fact based on publicly disclosed information. The Corporation should not confirm, or attempt to influence, an analyst's opinions or conclusions and should not express comfort with the analyst's model or earnings estimates.

11. **Distributing Analyst Reports**

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by the Corporation of the report. For these reasons, the Corporation should not provide analyst reports through any means to persons outside of the Corporation, including posting such information on its website except in limited circumstances when and where such distribution is deemed appropriate.

The Corporation may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Corporation. If provided, such list should not include links to the analysts' or any other third party websites or publications. When any analysts report are distributed to employees of the Corporation, the analysts report should be accompanied by a reminder cautioning employees that the report is a proprietary product of the analyst's firm and not to re-circulate or redistribute the report as that may be viewed as an endorsement by the Corporation of the report. Additionally, the report should be accompanied by a caution that the Corporation has not checked the report for factuality nor does the Corporation embrace or endorse any conclusions drawn. Finally it should be noted that the report is being provided for information purposes only.

12. **Forward-Looking Information**

Should the Corporation elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines should be observed:

- (a) The information, if deemed material, should be broadly disseminated via a news release in accordance with this disclosure policy.
- (b) The information should be clearly identified as "forward looking".
- (c) The Corporation should identify all of the material assumptions used in the preparation of the forward-looking information.
- (d) The information should be accompanied by a statement that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, including, as appropriate, a sensitivity analysis to indicate the

extent to which different business conditions from the underlying assumptions may affect the actual outcome.

- (e) The information should be accompanied by a statement that disclaims the Corporation's intention or obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, the Corporation may choose to issue a news release explaining the reasons for the difference. In this case, the Corporation should update its guidance on the anticipated impact on revenue and earnings (or other key metrics).

If the Corporation has issued a forecast or projection in connection with an offering document covered by National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") (or any successor thereof), the Corporation will update that forecast or projection periodically, as required by NI 51-102 (or any successor thereof).

13. **Managing Expectations**

The Corporation will try to ensure, through its regular public dissemination of quantitative and qualitative information, that analysts' assumptions are in line with the Corporation's own expectations. The Corporation should not confirm, or attempt to influence, an analyst's opinions or conclusions and should not express comfort with analysts' models or earnings estimates.

If the Corporation has determined that it will be reporting results materially below or above publicly held expectations, it should disclose this information in a news release in order to enable discussion without risk of selective disclosure.

14. **Quiet Periods**

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Corporation should observe a quarterly quiet period, during which the Corporation will not initiate or participate in any meetings or telephone contacts with analysts, investors, or other market professionals and no earnings guidance will be provided to anyone. However, the Corporation should respond to unsolicited inquiries concerning factual, publicly available or non-material matters. The quiet period should commence on the day following March 31, June 30, September 30 and January 25 and end following the issue of a news release disclosing the quarterly and/or year-end results.

15. **Disclosure Record**

The Corporation should maintain a seven year file (commencing on the date of the approval of this disclosure policy) containing all public information about the Corporation, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

16. **Responsibility For Electronic Communications**

This disclosure policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures are also responsible for electronic communications.

The Vice President, Investor Relations is responsible for updating the investor relations section of the Corporation's website and is responsible for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws.

The Committee should approve all links from the Corporation's website to a third party website. Any such links should include a notice that advises the reader that he or she is leaving the Corporation's website and that the Corporation is not responsible for the contents of the other site.

Investor relations material should be contained within a separate section of the Corporation's website and should include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the website, including text and audiovisual material, should show the date such material was issued. Any material changes in information should be updated as soon as practicable.

Disclosure on the Corporation's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on its website should be preceded by the issue of a news release.

The Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Corporate Secretary, the Vice President, Investor Relations and the Corporation's Designated Qualified Person are also responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this disclosure policy should be utilized in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Corporation's activities or its securities. Employees who encounter a discussion pertaining to the Corporation should advise the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Corporate Secretary, the Vice President, Investor Relations or the Corporation's Designated Qualified Person immediately, so the discussion may be monitored.

17. **Communication and Enforcement**

This disclosure policy applies to all directors, officers and employees of the Corporation and its authorized spokespersons. New directors and officers will be provided with a copy of this disclosure policy and will be educated about its importance. This disclosure policy will be available to employees on the Corporation's website. This disclosure policy will be circulated to all directors, officers and employees whenever changes are made. This will ensure that all directors, officers and employees are educated about the Corporation's disclosure policy and its importance.

Any employee who violates this disclosure policy may face disciplinary action up to and including termination of his or her employment with the Corporation without notice. The violation of this disclosure policy may also violate certain securities laws. If it appears that an employee, officer or director may have violated such securities laws, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.