

MANDATE FOR THE DIRECTORS OF BREAKWATER RESOURCES LTD.

1. Purpose

The primary function of the directors (individually a "Director" and collectively the "Board") of Breakwater Resources Ltd. (the "Corporation") is to oversee and direct the management of the Corporation's business and affairs. The fundamental objectives of the Board are to enhance and preserve long-term shareholder value and to ensure that the Corporation conducts business in an ethical and safe manner. In performing its functions, the Board should consider the legitimate interests that stakeholders, such as employees, customers and communities, may have in the Corporation. In carrying out its stewardship responsibility, the Board, through the Chief Executive Officer (the "CEO"), should set the standards of conduct for the Corporation.

2. Procedure and Organization

The Board operates by delegating certain responsibilities and duties set out below to management or committees of the Board and by reserving certain responsibilities and duties for the Board. The Board retains the responsibility for managing its affairs, including selecting its chairman and constituting committees of the Board. The Corporation's chairman must qualify as an independent director within the meaning of all applicable legal and regulatory requirements.

3. Composition and Operation

(a) Composition

Nominees for directors are initially considered and recommended by the Corporate Governance and Nominating Committee, approved by the entire Board and elected annually by the shareholders.

(b) Delegation of Responsibilities

The Board delegates authority and responsibility to deal with certain specified matters to the following five standing committees:

- i) Audit Committee;
- ii) Corporate Governance and Nominating Committee;
- iii) Compensation Committee;
- iv) Environmental, Health and Safety Committee; and
- v) Hedging Committee.

Each committee has its own written charter or mandate detailing its responsibilities, which includes reporting back to the full Board on their considerations and recommendations and the Board reviews the charter or mandate of each standing committee on an annual basis. These committees oversee and/or carry out a number of the responsibilities of the Board identified in this mandate.

The Board may also from time to time form and empower other committees to carry out duties specified by resolution of the Board.

4. **Responsibilities and Duties**

The principal responsibilities and duties of the Board fall into a number of categories which are summarized below.

(a) **Strategy Development**

The Board has the responsibility to ensure that there are long-term goals and a strategic planning process in place for the Corporation and to participate with management directly or through committees in developing and approving the strategy on an annual basis by which the Corporation proposes to achieve these goals (taking into account, among other things, the opportunities and risks of the business of the Corporation).

(b) **Risk Management**

The Board has the responsibility to safeguard the assets and business of the Corporation, identify and understand the principal risks of the business of the Corporation and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

(c) **Named Executive Officer Compensation**

The Compensation Committee is responsible for reviewing and recommending to the Board for approval the form and amount of compensation for the Named Executive Officers, as such term is defined in Form 51-102F6 “Statement of Executive Compensation” of National Instrument 51-102 “Continuous Disclosure Obligations”.

(d) **Reporting and Communications**

The Board is responsible to ensure that the Corporation has policies and procedures to comply with applicable laws, rules and regulations with respect to its disclosure policies and procedures and to ensure that its financial results and other information are reported accurately and on a timely and regular basis in accordance with such policies and procedures. The Corporation’s annual report and other required annual and periodic publications are to be reviewed by the Board prior to dissemination. Stakeholders may provide feedback directly to the Corporation or directly to the independent directors of the Corporation by mail.

(e) **Board Performance Evaluation**

The Board, in conjunction with the Corporate Governance and Nominating Committee, conducts regular annual assessments of the effectiveness of the Board, the Committees of the Board and the individual Directors. In addition, the Corporate Governance and Nominating Committee should periodically consider the mix of skills and experience that Directors bring to the Board and assess, on, at least an annual basis, whether the Board has the necessary composition to perform its oversight function effectively.

(f) **Policies and Procedures**

The Board is responsible for the oversight and review of the following matters:

- (i) ensuring that the Corporation operates at all times within applicable laws and regulations and to appropriate ethical and moral standards;
- (ii) approving and monitoring compliance with significant policies and procedures by which the business of the Corporation is conducted;
- (iii) ensuring that the Corporation sets appropriate environmental standards for its operations and operates in material compliance with environmental laws and legislation;
- (iv) ensuring that the Corporation has a high regard for the health and safety of its employees in the workplace and has in place appropriate programs and policies relating thereto;
- (v) developing the approach of the Corporation to corporate governance, including to the extent appropriate developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;
- (vi) examining the corporate governance principles within the Corporation and altering such practices when circumstances warrant; and
- (vii) establish and review on an annual basis the Corporation's Whistleblower Policy, Trading Policy, Code of Business Conduct and Ethics and Disclosure Policy.

(g) Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics (the "Code") to deal with the business conduct of Directors, officers and employees of the Corporation. Directors should be familiar with the provisions of the Code. The Board is responsible to monitor compliance with the Code and address any deviations from such compliance.

(h) Board Meeting and Materials

The Board should meet on at least a quarterly basis and should hold additional meetings as required or appropriate to consider other matters. Financial and other appropriate information should be made available to the Directors in advance of Board meetings. Attendance at each meeting of the Board should be recorded. All Directors are expected to attend all meetings of the Board and meetings of committees of which they are members. Members may attend by telephone.

The Board has established procedures to enable it to function independently of management and to facilitate open and candid discussion among the independent directors. The Board holds *in camera* independent director meetings following scheduled Board meetings. Management may be asked to participate in any meeting of the Board.

(i) Nomination of Directors

The Corporate Governance and Nominating Committee recommends to the Board whether a director should be nominated for election or re-election at any annual meeting

of shareholders at which he or she is eligible to be elected a director. The process for such nomination involves the consideration of the competencies and skills of the Board, as a whole, should possess; the assessment of competencies and skills each existing director possesses; and the personality and other qualities of each director to ensure quality boardroom dynamics. In making a recommendation to the Board, with respect to a new director nominee, the Corporate Governance and Nominating Committee will use the same process for those directors nominated for re-election and also considers whether or not each new nominee director can devote sufficient time and resources to his or her duties as a board member.

(j) Appointment, Training and Monitoring of Senior Management

The Board has the responsibility to:

- (i) appoint the CEO, and together with the CEO, to develop a position description for the CEO, which includes delineating management's responsibilities;
- (ii) with the advice of the compensation committee of the Board (the "Compensation Committee"), develop performance goals and criteria that the CEO is responsible for meeting and to monitor and assess the performance of the CEO in light of those performance goals and criteria and to determine the compensation of the CEO;
- (iii) provide advice and counsel to the CEO in the execution of the duties of the CEO;
- (iv) develop position descriptions for the chairman of the Board and the chairman of each committee of the Board;
- (v) approve the appointment of all officers and directors;
- (vi) consider, and if considered appropriate, approve, upon the recommendation of the Compensation Committee and the CEO, the remuneration of the Named Executive Officers;
- (vii) ensure that adequate provision has been made to appoint, train and monitor senior management and members of the Board and their orderly succession.

(k) Ensuring Integrity of Management

The Board shall, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers and that such officers are creating a culture of integrity throughout the Corporation.

(l) Appointment and Remuneration of Auditors

The Board shall, subject to shareholder approval, be responsible for the engagement, remuneration and review of the performance of the Corporation's auditors.

(m) Monitoring and Acting

The Board is responsible for the oversight and review of the following matters:

- (i) monitoring the Corporation's progress in achieving its goals and objectives and revise and, through management, altering the direction of the Corporation in response to changing circumstances;
- (ii) considering taking action when performance falls short of the goals and objectives of the Corporation or when other special circumstances warrant;
- (iii) ensuring that the Corporation has implemented adequate internal control and management information systems;
- (iv) assessing the individual performance of each Director and the collective performance of the Board; and
- (v) oversee the size and composition of the Board as a whole to facilitate more effective decision-making by the Corporation.

5. **Board's Expectations of Management**

The Board expects each member of management to perform such duties, as may be reasonably assigned by the Board from time to time, faithfully, diligently, to the best of his or her ability and in the best interests of the Corporation. Each member of management is expected to devote substantially all of his or her business time and efforts to the performance of such duties. Management is expected to act in compliance with and to ensure that the Corporation is in compliance with all laws, rules and regulations applicable to the Corporation.

6. **Qualifications and Directors' Orientation**

Directors should have the highest personal and professional ethics and values and be committed to advancing the interests of the Corporation. They should possess skills and competencies in areas that are relevant to the business of the Corporation. The Board is responsible for the provision of an orientation and education program for new Directors and may call upon senior management as and to the extent it needs support.

7. **Resources**

The Board has the authority to retain independent legal, accounting and other consultants. The Board may request any officer or employee of the Corporation or outside counsel or the external/internal auditors to attend a meeting of the Board or to meet with any member of, or consultant to, the Board.

Directors are permitted to engage an outside legal or other adviser at the expense of the Corporation where for example he or she is placed in a conflict position through activities of the Corporation, but any such engagement shall be subject to the prior approval of the Corporate Governance and Nominating Committee.