

BREAKWATER RESOURCES LTD.

WHISTLEBLOWER POLICY

1. Purpose

The audit committee (the "Audit Committee") of Breakwater Resources Ltd. (the "Corporation") has approved the following procedures for the receipt of complaints and concerns of employees of the Corporation regarding accounting and auditing matters relating to the Corporation and violations of the Code of Business Conduct and Ethics of the Corporation and of any applicable law, rule or regulation.

2. Responsibilities of Audit Committee with Respect to Specified Complaints

- (a) The Audit Committee should receive, investigate and act on complaints and concerns (a "Report") of employees of the Corporation regarding:
 - (i) accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the accounting policies of the Corporation and violations of the Code of Business Conduct and Ethics of the Corporation (an "Accounting or Code Allegation");
 - (ii) any applicable law, rule or regulation including, but not limited to, violations of securities laws, environmental laws and employment and labour laws, and any law in respect of fraud or the commission or possible commission of a criminal offence (a "Legal Allegation"); and
 - (iii) retaliation against employees of the Corporation who make Accounting or Code Allegations or Legal Allegations (a "Retaliatory Act").
- (b) In the discretion of the Audit Committee, the responsibilities of the Audit Committee created by these procedures may be delegated to the chairman of the Audit Committee. Where the chairman of the Audit Committee is delegated the obligation to receive and investigate complaints and concerns pursuant to this Policy, he or she shall provide a report to the Audit Committee at each Audit Committee meeting. Such report shall consist of a summary of complaints and concerns received and investigated since the last Audit Committee meeting, including the disposition of any complaints and concerns investigated.

3. Procedures for Making and Receiving Reports

- (a) Any person acting in good faith and with reasonable grounds for suspecting improper activities in connection with an Accounting or Code Allegation, Legal Allegation or a Retaliatory Act may make a Report of such activities. Knowledge or suspicion of improper activities may originate from employees in day to day work or in dealing with internal or external auditors, law enforcement officials, regulatory agencies, customers or other third parties. Employees should convey any questions, concerns, suggestions or complaints they have to someone who can address them properly. Often, an individual's

manager is in the best position to address a particular concern. However, an employee may also report matters according to the procedures set out in this Policy.

- (b) Reports are encouraged to be made in writing so as to assure a clear understanding of the issues raised but may be made orally or via email. Reports should be factual in nature and contain as much specific information as possible to allow for proper assessment and investigation of the allegations reported and may be made openly, confidentially or anonymously to the chairman of the Audit Committee as follows:

Name: Ms Joanne Ferstman
 Address: PERSONAL & CONFIDENTIAL
 c/o Breakwater Resources Ltd.
 950-95 Wellington St. W.
 Toronto, ON M5J 2N7

Phone: (416) 363-4798
 Email: jferstman@dundeecorporation.com

As an alternative to the chairman of the Audit Committee, the Corporation may establish an anonymous incident reporting hotline (the "Hotline") maintained by the Corporation through a third party provider through which Reports may be made. If an employee would like to discuss any matter with the Audit Committee, he or she should communicate this in the Report and provide a telephone number at which he or she might be contacted if the Audit Committee deems it appropriate. Reports are encouraged to be made in writing so as to assure a clear understanding of the issues raised.

- (c) Any Report that is made through the chairman of the Audit Committee or directly to any member of management or through the Hotline, if applicable, whether openly, confidentially or anonymously, shall be recorded and promptly referred to the Audit Committee.
- (d) For the purpose of determining whether a Report warrants further investigation or review, each Report referred to the Audit Committee and each Report made directly to the Audit Committee, whether openly, confidentially or anonymously, shall be reviewed by the Audit Committee, who may, in its discretion, consult with any director, officer or employee of the Corporation who is not the subject of the allegation and who may have appropriate knowledge to assist the Audit Committee.
- (e) If the Audit Committee determines that further review or investigation is warranted in respect of a Report, the Audit Committee shall decide whether it will be the responsibility of the Audit Committee or of management to investigate the Report, taking into account the considerations set forth in section 4 below.
- (i) If the Audit Committee determines that management will investigate the Report, the Audit Committee will notify the Chief Executive Officer of the Corporation in writing of that determination. Management shall thereafter promptly investigate the Report and shall report the results of its investigation, in writing, to the Audit Committee. Management shall be free, in its discretion, to engage outside auditors, counsel or other experts to assist in the investigation.

- (ii) If the Audit Committee determines that it will investigate the Report, the Audit Committee shall promptly determine what professional assistance, if any, it needs in order to conduct the investigation. The Audit Committee shall be free, in its discretion, to engage outside auditors, counsel or other experts to assist in the investigation.

4. **Considerations Relative to Whether the Audit Committee or Management Should Investigate a Report**

In determining whether it will be the responsibility of the Audit Committee or of management to investigate the Report, the Audit Committee shall consider, among any other factors that are appropriate under the circumstances, the following:

- (i) Who is the alleged wrongdoer? If the Chief Executive Officer or Chief Financial Officer of the Corporation is alleged to have engaged in wrongdoing, that factor alone may support a decision by the Audit Committee to conduct the investigation.
- (ii) How serious is the alleged wrongdoing? The more serious the alleged wrongdoing, the more appropriate that the Audit Committee should undertake the investigation. If the alleged wrongdoing would constitute an offence involving the integrity of the financial statements of the Corporation, that factor alone may support a decision by the Audit Committee to conduct the investigation.
- (iii) How credible is the allegation of wrongdoing? The more credible the allegation, the more appropriate that the Audit Committee should undertake the investigation. In assessing credibility, the Audit Committee should consider all facts surrounding the allegation, including, but not limited to, whether similar allegations have been made in the press or by analysts.

5. **Protection of Whistleblowers**

The Audit Committee shall not retaliate, and shall not tolerate any retaliation by management or any other person or group, directly or indirectly, against anyone who in good faith makes an Accounting or Code Allegation or Legal Allegation, reports a Retaliatory Act or provides assistance to the Audit Committee, management or any other person or group, including any governmental, regulatory or law enforcement body, investigating a Report. The Audit Committee shall not, unless compelled by judicial or other legal process, reveal the identity of any person who makes an Accounting or Code Allegation or Legal Allegation or reports a Retaliatory Act and who asks that his or her identity as the person who made such Report remain confidential. The Audit Committee shall not make any effort, or tolerate any effort made by management or any other person or group, to ascertain the identity of any person who makes a Report anonymously.

6. **Records**

The Audit Committee shall retain for a period of seven years all records relating to any Accounting or Code Allegation or Legal Allegation or report of a Retaliatory Act and to the investigation of any such Report. The types of records to be retained by the Audit Committee shall include records of all steps taken in connection with the investigation and the results of any such investigation.

7. **Notification of Others**

At any time during a review and/or an investigation of a Report, the chairman of the Audit Committee may notify the Corporation's counsel or external auditors of the receipt of the Report and/or the progress or results of any review and/or investigation of the Report and will provide such level of detail as may be necessary to allow for appropriate consideration by such persons of the Corporation's ongoing disclosure obligations, including with regard to any required officer certifications.