

Augusta Resource Corporation
(the “Corporation”)

Audit Committee Charter

ARTICLE 1
OVERALL PURPOSE/OBJECTIVES

- 1.1 The Audit Committee (the “committee”) will provide independent review and oversight of the Corporation’s financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, recommendation, oversight and compensation of the Corporation’s external auditors. The committee will also assist the board of directors of the Corporation (the “Board”) in fulfilling its responsibilities in reviewing the Corporation’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of the external auditors. The committee will also be responsible for reviewing the Corporation’s financial strategies, its financing plans and its use of the equity and debt markets.
- 1.2 To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation’s business, operations and risks.

ARTICLE 2
AUTHORITY

- 2.1 The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of company officers at meetings as appropriate. The committee will have the authority to engage such independent counsel and other advisers as it deems necessary to carry out its duties. The committee will also have authority to obtain advice and assistance from any officer or employee of the Corporation.

ARTICLE 3
FUNDING

- 3.1 The Corporation will provide appropriate funding, as determined by the committee, for payment of:
- (a) compensation to the Corporation’s external auditors, as well as any other accounting firm engaged to perform audit, review or attest services for the Corporation;
 - (b) any independent counsel or other adviser retained by the committee; and
 - (c) ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

The committee will promptly report to the Board its engagement of any advisor, including the scope and terms of such engagement.

ARTICLE 4 ORGANIZATION

4.1 Membership.

- (a) The Committee will be comprised of not less than three members of the Board.
- (b) All of the members of the committee will meet the applicable independence and experience requirements of the law, including MI 52-110 of the Canadian Securities Administrators (“MI 52-110”), Sarbanes-Oxley, the rules promulgated by the Securities and Exchange Commission (the “SEC”), and rules promulgated by the American Stock Exchange (the “AMEX”) (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).
- (c) One of the members of the committee will be an “audit committee financial expert” pursuant to the requirements of the SEC and AMEX (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).
- (d) No director who serves on the audit committees of more than three public corporations other than the Corporation will be eligible to serve as a member of the committee.
- (e) Each member of the committee will be appointed by the Board on annual basis immediately following each annual general meeting of the shareholders of the Corporation, and will serve at the pleasure of the Board or until the earlier of:
 - (i) the commencement of the next annual meeting of the shareholders of the Corporation at which the member’s term of office expires;
 - (ii) the death of the member; or
 - (iii) the resignation, disqualification or removal of the member from the committee or from the Board.

The Board may fill any vacancy in the membership of the committee.

- (f) If not appointed by the Board, the chairman of the committee will be elected by the committee from among their number time to time.
- (g) A quorum for any meeting will be a majority of the members of the committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. Decisions by the committee will be by the affirmative vote of a majority of the members of the committee, or by consent resolutions in writing signed by each member of the committee.
- (h) The secretary of the committee will be such person as may be appointed by the committee.

4.2 Attendance at Meetings.

- (a) The committee may invite such other persons (e.g. the CEO and/or the CFO) to its meetings, as it deems appropriate.

- (b) The external auditor is entitled to receive notice of, and to be present and participate at, all meetings of the committee, and may be expected to comment on the financial statements in accordance with best practices.
- (c) Meetings of the committee will be held at least on a quarterly basis. Special meetings may be convened by any member of the committee, by either the Chief Executive Officer or the Chief Financial Officer of the Corporation, or by the external auditors, as required.
- (d) The proceedings of all meetings of the committee will be minuted.

ARTICLE 5 ROLES AND RESPONSIBILITIES

5.1 The committee will:

- (a) be directly responsible for:
 - (i) the selection of a firm of external auditors to be proposed for election as the external auditors of the Corporation,
 - (ii) the oversight of the work of the Corporation's external auditors, who will be required to report directly to the committee,
 - (iii) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Corporation, and
 - (iv) if deemed appropriate by the committee, the replacement of the incumbent external auditors;
- (b) consider and oversee the independence of the external auditors, including:
 - (i) reviewing the range of services provided in the context of all consulting services bought by the Corporation,
 - (ii) requiring receipt by the committee of an annual formal written statement from the Corporation's external auditors delineating all relationships between the external auditors and the Corporation,
 - (iii) discussing with the external auditors any such relationships that may impact the objectivity and independence of the external auditors, and
 - (iv) otherwise taking all appropriate actions as required to oversee the independence of the external auditors;
- (c) assure the regular rotation of the lead audit partner and the concurring partner every five years (with a five year time-out period after rotation), and the regular rotation of other audit partners engaged in the annual audit of the Corporation every seven years (with a two year time-out period after rotation), or as otherwise required by law or the rules of the AMEX;

- (d) be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to the Corporation (or any of its subsidiaries) by the external auditors, subject to any exceptions provided by applicable laws, including the *Securities Exchange Act of 1934*, as amended (the “1934 Act”), and the rules of the SEC promulgated thereunder, provided that such pre-approval authority may be delegated by the committee to any member of the committee who is both “independent” and “unrelated” on the condition that any such pre-approval must be presented to the committee at its first scheduled meeting following any such approval;
- (e) consult with the external auditors, senior management, internal auditing staff (if any) of the Corporation and such other advisers as the committee may deem necessary regarding their evaluation of the adequacy of the Corporation's “internal controls over financial reporting” and “disclosure controls and procedures” (as such terms are defined by the SEC), and make specific recommendations to the Board in connection therewith;
- (f) be responsible for the review and oversight of all related-party transactions, as such term is defined by the rules of the AMEX;
- (g) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters,and review periodically with management these procedures and, if appropriate, any significant complaints received, to the extent required by the 1934 Act, the rules of the SEC or the AMEX;
- (h) set clear hiring policies for employees or former employees of the Corporation’s external auditors;
- (i) gain an understanding of whether internal control recommendations made by the external auditors have been implemented by management;
- (j) gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively;
- (k) review the Corporation’s strategic and financing plans to assist the Board’s understanding of the underlying financial risks and the financing alternatives;
- (l) review management’s plans to access the equity and debt markets and to provide the Board with advice and commentary thereon;
- (m) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the Corporation’s financial statements;

- (n) review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate;
- (o) review the annual and quarterly financial statements, the related management discussion and analysis and any related news releases and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board that the annual and quarterly financial statements, the related management discussion and analysis and news releases be approved and issued;
- (p) pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof;
- (q) focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies;
- (r) review audit issues related to the Corporation's material associated and affiliated companies that may have a significant impact on the Corporation's equity investment;
- (s) meet with management and the external auditors to review the annual financial statements, the results of the annual audit and any recommendations by the auditors in connection therewith;
- (t) assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
 - (i) actual financial results for the interim period varied significantly from budgeted or projected results,
 - (ii) generally accepted accounting principles have been consistently applied,
 - (iii) there are any actual or proposed changes in accounting or financial reporting practices,
 - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure;
- (u) review, prior to the commencement of each annual audit:
 - (i) the external auditors' proposed audit plan (including the scope, focus areas, timing and key decisions, and general approach underlying the audit plan) and ensure no unjustifiable restriction or limitations have been placed on the scope thereof, and
 - (ii) the appropriateness and reasonableness of the proposed audit fee;
- (v) meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, including the results of the external

auditors' review of the adequacy and effectiveness of the Corporation's accounting and financial controls;

- (w) endeavour to cause the receipt and discussion, on a timely basis, of any significant findings and recommendations made by the external auditors;
- (x) obtain regular updates from management and the company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance;
- (y) ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business of the Corporation;
- (z) if necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist in any such investigations;
- (aa) review and assess the adequacy of this charter, on an annual basis, and provide any suggested amendments or updates to the Board for review and approval;
- (bb) work with the Board to determine an appropriate annual budget for the committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the committee; and
- (cc) generally, perform other functions as may be requested from time to time by the Board.

May 20, 2006