

**AUGUSTA RESOURCE CORPORATION**  
(the “Corporation”)

**COMPENSATION COMMITTEE**  
(the “Committee”)

**CHARTER**

**ARTICLE 1**  
**PURPOSE**

- 1.1 The Committee has been established by the board of directors of the Corporation (the “Board”) to review and recommend compensation policies and programs to the Corporation as well as salary and benefit levels for its executives. The objective of the Committee will be to assist in attracting, retaining and motivating executives and key personnel in view of the Corporation’s goals.

**ARTICLE 2**  
**COMPOSITION OF COMMITTEE, CHAIRPERSON**

- 2.1 The Committee will be comprised of at least three directors, all of whom will:
- (a) be independent as defined under Multilateral Instrument 52-110 of the Canadian Securities Administrators;
  - (b) be a “non-employee director,” as such term is defined in Rule 16b-3 under the *Securities Exchange Act of 1934*, as amended (the “Exchange Act”), or any necessary provision thereto; and
  - (c) meet the independence requirements of the American Stock Exchange (“AMEX”) and applicable state and federal law, including the rules and regulations of the Securities and Exchange Commission (“SEC”).

- 2.2 Members of the Committee, including the chairperson, will be appointed by the Board and may be removed by the Board, with or without cause, on its own initiative or on the recommendation of the Committee.

### **ARTICLE 3 MEETINGS AND QUORUM**

- 3.1 The Committee will meet at least once a year, in person or by teleconference, provided that the Chairperson or any other member of the Committee may call a meeting at any other time.
- 3.2 The Committee will report to the Board on its activities at the Board meeting next following each Committee meeting.
- 3.3 The Committee may specifically delegate to any one or more of its members authority to conclude any matter requiring the authority of the Committee. The outcome of any such delegation will be reported to the Committee at its next meeting.
- 3.4 The quorum at any meeting of the Committee will be a majority of the members of the Committee.
- 3.5 Unless otherwise determined by the Committee, the Corporation's Secretary will act as Secretary to the Committee.

### **ARTICLE 4 DUTIES AND RESPONSIBILITIES**

- 4.1 The responsibilities of the Committee will generally include, but are not restricted to, undertaking the following:
- (a) annually review and approve the corporate goals and objectives relating to the compensation of the chief executive officer ("CEO"), evaluate the CEO's performance in light of those goals and review and establish the CEO's annual compensation based on this evaluation. The Committee will recommend the compensation of the CEO to the Board. The CEO may not be present during any deliberations or the voting of the Committee or the Board with respect to his compensation;
  - (b) in consultation with the CEO, and based upon his input and recommendations, review and approve on an annual basis the evaluation process and compensation structure for the Corporation's executive officers other than the CEO. The Committee will evaluate the performance of the Corporation's executive officers and approve the annual compensation, including salary, bonus, incentive and equity compensation, for such executive officers. The Committee may also provide oversight of management's decisions concerning the performance and

compensation of other officers and employees of the Corporation. No officer or employee may be present during any deliberations or the voting of the Committee or the Board with respect to his or her compensation;

- (c) in consultation with the CEO, and based upon his input and recommendations:
  - (i) review the Corporation's existing incentive compensation and other stock-based plans and recommend changes in such plans to the Board as needed, and
  - (ii) review and submit to the Board recommendations concerning new executive compensation or stock-based plans.

As part of its review, the Committee will take into consideration the compensation, benefits and incentives offered by peer groups where such data is available;

- (d) review the executive compensation disclosure before the Corporation publicly discloses this information in its disclosure documents (i.e. annual information form or management proxy circular);
- (e) prepare the annual "Report on Executive Compensation" section of the Corporation's management proxy circular (or similarly captioned disclosure);
- (f) on an annual basis:
  - (i) reviewing the adequacy, amount and form of compensation to be paid to each director,
  - (ii) considering whether such compensation realistically reflects the time commitment, responsibilities and risks of the directors, and
  - (iii) making recommendations to the Board thereon;
- (g) reviewing, and making recommendations to the Board concerning, the CEO's recommendations for any grants of incentive stock options to directors, senior officers, employees and consultants of the Corporation and its affiliates under the Corporation's incentive stock option plan;
- (h) monitor compliance with legal prohibitions on loans to directors or executive officers of the Corporation; and

- (i) perform such other functions assigned by law, AMEX requirements, the Company's bylaws or the Board.

4.2 The Committee will have the sole authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

## **ARTICLE 5 GENERAL**

5.1 This Charter may from time to time be amended pursuant to regulatory rules, regulations and trends as required, subject to the approval of the Board.