SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT (this "Amendment"), dated March 31st, 2009 is made between Rosemont Copper Company, a corporation organized under the laws of the State of Arizona (the "Borrower"), and Sumitomo Corporation of America, a corporation organized under the laws of the State of New York (the "Lender").

WHEREAS, the Borrower and the Lender are parties to that certain Loan Agreement dated as of June 17, 2008 (as amended, modified, renewed or extended from time to time, the "Original Loan Agreement").

WHEREAS, for the avoidance of doubt, the Borrower and the Lender wish to clarify Section 2.01 of the Original Loan Agreement.

WHEREAS, the Borrower and the Lender also wish to make it clear that under Section 2.02 (b) of the Original Loan Agreement, the Borrower is entitled to borrow less than $1,000,000 if it is the full remaining unadvanced balance of the Tranche A Commitment or the Tranche B Commitment, respectively.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Interpretation.

(a) All capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to them in the Original Loan Agreement.

(b) The rules of interpretation set forth in Section 1.03 of the Original Loan Agreement shall apply to this Amendment *mutatis mutandis*.

SECTION 2. Amendments to the Original Loan Agreement.

(a) Amendment to Section 2.01. Section 2.01 of the Original Loan Agreement shall be amended to include the following clause at the end of Section 2.01:

"For the avoidance of doubt, the Lender and the Borrower agree that interest capitalized pursuant to Section 2.04 hereof shall not affect the obligation of the Lender to advance to the Borrower the amount of $27,000,000 as the Tranche A Commitment or $13,000,000 as the Tranche B Commitment, subject to the terms hereof."

(b) Amendment to Section 2.02. Section 2.02 (b) of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

"(b) the amount of the borrowing (which shall be at least $1,000,000, except for the borrowing of the full outstanding balance of the Tranche A Facility or the Tranche B Facility, respectively)," SECTION 3. Reaffirmation of Original Loan Agreement. Borrower hereby acknowledges, ratifies and reaffirms each of the terms and conditions of the Original Loan Agreement, as modified pursuant to the terms of this Amendment. The Original Loan Agreement shall remain in full force and effect, and the Lender shall retain all of its rights under the Original Loan Agreement, as modified by this Amendment, in accordance with the terms thereof.

SECTION 4. Original Loan Agreement Representations and Warranties. All of the representations and warranties of the Borrower contained in the Original Loan Agreement are true, correct and complete as of the date hereof.

SECTION 5. Representations and Warranties.

(a) Authorizations; No Conflict. The execution, delivery and performance by the Borrower of this Amendment has been duly authorized by all necessary action of the Borrower and do not and will not (i) contravene the terms of the Organic Documents of the Borrower, or result in a breach of or constitute a default under any material lease, instrument, contract or other agreement to which the Borrower is a party or by which it or its properties may be bound or affected; (ii) violate any provision of any law, rule, regulation, order, judgment, decree or the like binding on or affecting the Borrower; or (iii) except as contemplated by this Amendment, result in, or require, the creation or imposition of any Lien upon or with respect to any of the properties, assets or revenues of the Borrower.

SECTION 6. No Defenses or Defaults. Borrower acknowledges that the Original Loan Agreement is in full force and effect and represents that there currently exists no Default or Event of Default and no defenses or claims of offset or otherwise against the enforcement thereof by the Lender.

SECTION 7. No Waiver; Cumulative Remedies. No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Amendment are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 8. Governing Law. This Amendment shall be construed in accordance with, and governed by the law of the State of New York, without regard for principles of conflict of law that would require the application of the law of a jurisdiction other than the State of New York. Sections 7.06, 7.07, 7.10 and 7.11 of the Original Loan Agreement are incorporated herein by reference.

SECTION 9. Entire Agreement; Amendment. This Amendment and the other Loan Documents contain the entire agreement of the parties with respect to the subject matter hereof and this Amendment shall not be amended except by the written agreement of the parties.

SECTION 10. Severability. Whenever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Amendment, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 11. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

****Remainder of page intentionally left blank****

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

THE BORROWER

ROSEMONT COPPER COMPANY

By: ______________________
Name: GIL CLAUSEN
Title: PRESIDENT

Address:

4500 Cherry Creek South Drive, Suite 1040
Denver, CO 80246
USA
Attn.: GIL CLAUSEN
Fax No. (303) 300-0135
Email: gclausen@augustaresource.com

THE LENDER

SUMITOMO CORPORATION OF AMERICA

By: ______________________
Name: Susumu Ishihara
Title: Senior Vice President
Mineral Resources & Energy Group

Address:

8055 East Tufts Ave., Suite 720
Denver, CO 80237
USA
Attn.: Unit Manager, Mineral Resources Unit
Fax No. 303-339-3160
Email: susumu.takeuchi@sumitomocorp.com

[Signature Page to Second Amendment to Loan Agreement]

THE UNDERSIGNED AGREE TO THE FOREGOING AND ACKNOWLEDGE THAT THEY REMAIN LIABLE AS PROVIDED IN THE LOAN DOCUMENTS:

AUGUSTA RESOURCE CORPORATION

By: G. Clausen
Name: GIL CLAUSEN
Title: PRESIDENT & CEO

AUGUSTA RESOURCE (CANADA) CORPORATION

By: G. Clausen
Name: GIL CLAUSEN
Title: PRESIDENT

AUGUSTA RESOURCE (US) CORPORATION

By: G. Clausen
Name: GIL CLAUSEN
Title: PRESIDENT

AUGUSTA RESOURCE (US) HOLDING CORPORATION

By: G. Clausen
Name: GIL CLAUSEN
Title: PRESIDENT

DAWSON PROPERTIES, LLC

By: G. Clausen
Name: GIL CLAUSON
Title: PRESIDENT

SANRITA PROPERTIES, LLC

By: [signature]
Name: GIL CLAUSON
Title: PRESIDENT

SANRITA SOUTH, LLC

By: [signature]
Name: GIL CLAUSEN
Title: PRESIDENT

WILMOT JUNCTION, LLC

By: [signature]
Name: GIL CLAUSEN
Title: PRESIDENT

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this "Amendment"), dated January 12, 2009 (the "Execution Date") and intended by the parties to be effective as of October 1, 2008, is made between Rosemont Copper Company, a corporation organized under the laws of the State of Arizona (the "Borrower"), and Sumitomo Corporation of America, a corporation organized under the laws of the State of New York (the "Lender").

WHEREAS, the Borrower and the Lender are parties to that certain Loan Agreement dated as of June 17, 2008 (as amended, modified, renewed or extended from time to time, the "Original Loan Agreement").

WHEREAS, to induce the Lender to enter into the Loan Agreement and to extend credit to the Borrower thereunder, Augusta Resource Corporation ("Augusta Parent"), a Canadian corporation and the parent company of the Borrower, executed and delivered to the Lender that certain Stock Pledge Agreement and Guaranty dated as of the Closing Date.

WHEREAS, Augusta Parent has proposed the creation of three additional wholly-owned subsidiaries (the Intermediary Subsidiaries, as defined below) interposed between the Borrower and the Lender.

WHEREAS, Lender and Borrower have agreed to amend the terms of the Original Loan Agreement to permit the creation of the Intermediary Subsidiaries pursuant to the terms of this Amendment and other amendments to the Guarantor Documents (as defined in the Original Loan Agreement).

WHEREAS, Borrower has formed a new wholly-owned subsidiary, and Lender and Borrower wish to amend the terms of the Original Loan Agreement to make provision therefore and to extend the Tranche B Disbursement Period.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Interpretation.

(a) All capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to them in the Original Loan Agreement.

(b) The rules of interpretation set forth in Section 1.03 of the Original Loan Agreement shall apply to this Amendment *mutatis mutandis*.

SECTION 2. Amendments to the Original Loan Agreement.

(a) Amendment to Section 1.01. Section 1 of the Original Loan Agreement shall be amended to include the following definitions:

"Augusta Canada" means Augusta Resource (Canada) Corporation, a British Columbia corporation.

"Augusta Holding" means Augusta Resource (US) Holding Corporation, a Nevada corporation.

"Augusta Parent" shall have the meaning set forth in the recitals.

"Augusta US" means Augusta Resource (US) Corporation, a Nevada corporation.

"Contribution Agreements" means (i) the Contribution Agreement dated as of October 1, 2008 among Augusta Parent, Augusta Canada and the Borrower, (ii) the Contribution Agreement dated as of October 1, 2008 among Augusta Canada, Augusta US and the Borrower, and (iii) the Contribution Agreement dated as of October 1, 2008 among Augusta US, Augusta Holding and the Borrower.

"Intermediary Subsidiaries" means Augusta Canada, Augusta US, and Augusta Holding.

"Wilmot Junction" means Wilmot Junction, LLC, an Arizona limited liability company, whose sole member is the Borrower.

(b) Amendment to definition of Deeds of Trust in Section 1.01. The definition of "Deeds of Trust" in Section 1.01 of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

"Deeds of Trust" means the deeds of trust, executed in favor of the Lender, as beneficiary, by each of the Borrower, dated as of the Closing Date; Dawson Properties, dated as of the Closing Date; Sanrita Properties, dated as of the Closing Date; and Wilmot Junction, dated as of December 29, 2008.

(c) Amendment to definition of Guarantor in Section 1.01. The definition of "Guarantor" in Section 1.01 of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

"Guarantor" means each of Augusta Parent, Augusta Canada, Augusta US and Augusta Holding, and all of them collectively.

(d) Amendment to definition of Guaranty in Section 1.01. The definition of "Guaranty" in Section 1.01 of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

"Guaranty" means each of the (i) Guaranty dated as of the Closing Date by Augusta Parent; and (ii) the Guaranties dated the Execution Date by Augusta Canada, Augusta US and Augusta Holding, in each case in favor of Lender, and all of them collectively.

(e) Amendment to definition of Pledge Agreement in Section 1.01. The definition of "Pledge Agreement" in Section 1.01 of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

"Pledge Agreement" means each of (i) the Stock Pledge Agreement dated the Execution Date between Augusta Parent and Lender; (ii) the Stock Pledge Agreement dated as of the Closing Date between Augusta Parent and Lender; (iii) the Stock Pledge Agreement dated the Execution Date between Augusta Canada and Lender; (iv) the Stock Pledge Agreement dated the Execution Date between Augusta US and Lender; and (v) the Stock Pledge Agreement dated the Execution Date between Augusta Holding and Lender, and all of them collectively.

(f) Amendment to definition of Tranche B Disbursement Period in Section 1.01. The definition of "Tranche B Disbursement Period" in Section 1.01 of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

"Tranche B Disbursement Period" means the period commencing on the Closing Date and ending on November 30, 2008.

(g) Amendment to Section 4.01(p). Section 4.01(p) of the Original Loan Agreement is hereby deleted in its entirety, and the following shall be substituted in lieu thereof:

Subsidiaries. The Borrower's only four (4) Subsidiaries are Dawson Properties, Sanrita Properties, Sanrita South and Wilmot Junction, each of which is wholly-owned by the Borrower, and the Borrower has no other equity interest in any Person. The sole business of Dawson Properties, Sanrita Properties, and Wilmot Junction consists of the ownership of the real property described in the Deeds of Trust to which each is a party. Sanrita South does not own any real or personal property as of the Execution Date of this Agreement. The Subsidiaries have no employees.

(h) Amendment to Article V. Article V of the Original Loan Agreement shall be amended to include the following Section 5.05:

Borrower's Covenant Regarding Real Estate Documents for Wilmot Junction. On or about the Execution Date, the Borrower shall record the Deed of Trust for Wilmot Junction in the Official Records of Pima County, Arizona, and shall secure title insurance, dated effective as of no later than thirty (30) days after the Execution Date, in an insured amount of $960,000.00, with coverage and in form reasonably satisfactory to the Lender, insuring the Lender's interest under the Deed of Trust for Wilmot Junction as a valid first priority lien upon the property described in the Deed of Trust for Wilmot Junction and containing only such exceptions from its coverage as shall have been approved in writing by the Lender, together with such endorsements thereto as the Lender may reasonably require.

SECTION 3. Waiver and Reaffirmation of Original Loan Agreement.

(a) Lender hereby waives any Default or Event of Default that arose or may arise under the Loan Agreement, solely as a consequence of the execution, delivery and performance of the Contribution Agreements. An executed copy of each such Contribution Agreement is attached hereto as Exhibit A.

(b) Borrower hereby acknowledges, ratifies and reaffirms each of the terms and conditions of the Original Loan Agreement, as modified pursuant to the terms of this Amendment. The Original Loan Agreement shall remain in full force and effect, and the Lender shall retain all of its rights under the Original Loan Agreement, as modified by this Amendment, in accordance with the terms thereof. The Parties hereto acknowledge that the Lender shall retain its perfected first-priority security interest in all the shares of the Borrower, notwithstanding the transfer of such shares and the other transactions contemplated by the Contribution Agreements.

SECTION 4. Original Loan Agreement Representations and Warranties. All of the representations and warranties of the Borrower contained in the Original Loan Agreement are true, correct and complete as of the Execution Date.

SECTION 5. Representations and Warranties.

(a) Authorizations; No Conflict. The execution, delivery and performance by the Borrower of this Amendment has been duly authorized by all necessary action of the Borrower and do not and will not (i) contravene the terms of the Organic Documents of the Borrower, or result in a breach of or constitute a default under any material lease, instrument, contract or other agreement to which the Borrower is a party or by which it or its properties may be bound or affected; (ii) violate any provision of any law, rule, regulation, order, judgment, decree or the like binding on or affecting the Borrower; or (iii) except as contemplated by this Amendment, result in, or require, the creation or imposition of any Lien upon or with respect to any of the properties, assets or revenues of the Borrower.

SECTION 6. No Defenses or Defaults. Borrower acknowledges that the Original Loan Agreement is in full force and effect and represents that there currently exists no Default or Event of Default and no defenses or claims of offset or otherwise against the enforcement thereof by the Lender.

SECTION 7. No Waiver; Cumulative Remedies. No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Amendment are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 8. Governing Law. This Amendment shall be construed in accordance with, and governed by the law of the State of New York, without regard for principles of conflict of law that would require the application of the law of a jurisdiction other than the State of New York. Sections 7.06, 7.07, 7.10 and 7.11 of the Original Loan Agreement are incorporated herein by reference.

SECTION 9. Entire Agreement; Amendment. This Amendment and the other Loan Documents contain the entire agreement of the parties with respect to the subject matter hereof and this Amendment shall not be amended except by the written agreement of the parties.

SECTION 10. Severability. Whenever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Amendment, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 11. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

****Remainder of page intentionally left blank****

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

THE BORROWER

ROSEMONT COPPER COMPANY

By: ______________________
Name: GIL CLAUSON
Title: PRESIDENT

Address:

4500 Cherry Creek South Drive, Suite 1040
Denver, CO 80246
USA
Attn.: ______________________
Fax No. ______________________
Email: ______________________

THE LENDER

SUMITOMO CORPORATION OF AMERICA

By: ______________________
Name:
Title:

Address:

8055 East Tufts Ave., Suite 720
Denver, CO 80237
USA
Attn.: ______________________
Fax No. ______________________
Email: ______________________

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

THE BORROWER

ROSEMONT COPPER COMPANY

By: ______________________________
Name:
Title:

Address:

4500 Cherry Creek South Drive, Suite 1040
Denver, CO 80246
USA
Attn.: ______________________________
Fax No. ______________________________
Email: ______________________________

THE LENDER

SUMITOMO CORPORATION OF AMERICA

By: ______________________________
Name: Susumu Ishihara
Title: SVP & General Manager
Mineral Resources & Energy Group

Address:

8055 East Tufts Ave., Suite 720
Denver, CO 80237
USA
Attn.: ______________________________
Fax No. ______________________________
Email: ______________________________

EXHIBIT A

<u>Contribution Agreements</u>

B-4

CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "***Agreement***"), dated as of October 1, 2008 (the "***Effective Date***"), is made by and among Augusta Resource Corporation, a Canadian corporation ("***Augusta Parent***"), Augusta Resource (Canada) Corporation, a British Columbia corporation ("***Augusta Canada***"), and Rosemont Copper Company, an Arizona corporation ("***Rosemont***" and collectively with Augusta Parent and Augusta Canada, the "***Parties***").

Recitals

WHEREAS,

A. Augusta Parent is the recorded and beneficial owner of one hundred (100) common shares, no par value, of Rosemont, constituting all of the issued and outstanding shares of Rosemont (the "***Rosemont Shares***");

B. Augusta Parent desires to contribute the Rosemont Shares to Augusta Canada in exchange for the issuance and payment by Augusta Canada of Augusta Canada's common stock (the "***Consideration Shares***"); The number of shares has been omitted.

C. The Parties intend that the contribution of the Rosemont Shares pursuant to this Agreement qualify as a tax-free transaction under Section 351 of the United States Internal Revenue Code of 1986, as amended (the "***Code***"); and

D. Augusta Parent and Augusta Canada (the "***Transaction Parties***") intend that the transfer of the Rosemont Shares pursuant to this Agreement be made pursuant to the provisions of subsection 85(1) of the *Income Tax Act* (Canada), as amended from time to time (the "***Act***").

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows.

A. INTERPRETATION

1. Headings are intended for convenience of reference only and shall not form a part hereof nor affect the interpretation of this Agreement.

B. CONTRIBUTION AND CONSIDERATION

1. Augusta Parent hereby contributes, sells, assigns and transfers, and Augusta Canada hereby purchases, Augusta Parent's interest in the Rosemont Shares for and at a price

equal to the fair market value of the Rosemont Shares at the Effective Date, the Transaction Parties' best estimate of which is (the "***Estimated Value***"). The estimated value has been omitted.

2. As consideration for the contribution by Augusta Parent of the Rosemont Shares, Augusta Canada shall pay for the Rosemont Shares to Augusta Parent on the Effective Date by issuing to Augusta Parent the Consideration Shares, having an aggregate fair market value equal to the fair market value of the Rosemont Shares.

3. Augusta Canada undertakes and agrees that, on the Effective Date, it will issue the appropriate share certificate representing the Consideration Shares and enter Augusta Parent's name and address shown below in the central securities register of Augusta Canada:

AUGUSTA RESOURCE CORPORATION
837 West Hastings Street, Suite 400
Vancouver, British Columbia, Canada V6C 3N6

4. Rosemont undertakes and agrees that, on the Effective Date, it will remove Augusta Parent's name from the central securities register of Rosemont and cancel the share certificate representing Augusta Parent's ownership of the Rosemont Shares, issue the appropriate share certificate to Augusta Canada representing Augusta Canada's ownership of the Rosemont Shares and enter Augusta Canada's name and address shown below in the central securities register of Rosemont:

AUGUSTA RESOURCE (CANADA) CORPORATION
837 West Hastings Street, Suite 400
Vancouver, British Columbia, Canada V6C 3N6

5. For the purpose of complying with the Foreign Investment in Real Property Tax Act of 1980, as amended, the Parties shall complete and timely file with the Internal Revenue Service all notices and other documents required under Sections 897 and 1445 of the Code and the regulations promulgated thereunder.

6. For the purposes of the Act, the Transaction Parties hereby mutually covenant and agree to elect jointly under Subsection 85(1) of the Act, by completing and filing with the Canada Revenue Agency the prescribed form T2057 within the prescribed time for the purposes of the Act with respect to the sale by Augusta Parent to Augusta Canada of the Rosemont Shares at the elected amount to be determined by Augusta Parent, which amount shall not be less than the tax cost of the Rosemont Shares to Augusta Parent, or greater than the fair market value of the Rosemont Shares (the "***Elected Amount***").

7. If at any time or times after the Effective Date, it is determined that either:

   (a) it is necessary to change the Elected Amount to comply with the common intentions of the Transaction Parties as hereinbefore expressed; or

(b) the Act deems the Elected Amount to be an amount which is different than the amount agreed upon between the Transaction Parties,

then, in order to comply with the common intentions of the Transaction Parties as hereinbefore expressed, the Transaction Parties shall do all things reasonably necessary to reflect such change including, for example, increasing or decreasing the paid-up capital of the Consideration Shares.

8. Augusta Parent acknowledges and declares that, from and after the Effective Date until such time as the Rosemont Shares have been fully and validly transferred to Augusta Canada, Augusta Parent shall hold any interest in the Rosemont Shares in trust as a bare trustee, agent and nominee for Augusta Canada. It is also acknowledged and agreed that third parties may continue to deal with Augusta Parent in respect of the Rosemont Shares, and Augusta Parent hereby agrees that it will at all times after the Effective Date act solely as the bare trustee, agent and nominee of Augusta Canada in respect of all such dealings.

C. REPRESENTATIONS AND WARRANTIES OF AUGUSTA PARENT

1. Augusta Parent warrants, represents and covenants to the other Parties that:

   a. it is a company incorporated, validly existing and in good standing under the laws of Canada with full power and authority to enter into and perform all of its obligations under this Agreement;

   b. all transactions necessary to authorize the execution and delivery of this Agreement and the sale by it of the Rosemont Shares have taken place;

   c. it is a '*taxable Canadian corporation*', as that term is defined in the Act;

   d. it shall execute and deliver to Augusta Canada forthwith all documentation reasonably required to transfer and assign the Rosemont Shares to Augusta Canada as set out herein;

   e. the purchase price of the Rosemont Shares will be the fair market value of the Rosemont Shares at the Effective Date and the Estimated Value is the Transaction Parties' best estimate of the fair market value of the Rosemont Shares presently available;

   f. it is acquiring the Consideration Shares as principal for its own account and not for the benefit of any other person;

   g. it has the requisite corporate power and authority to enter into and perform this Agreement and to contribute the Rosemont Shares in accordance with the terms hereof and the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or shareholders is required;

h. it has good and valid title to the Rosemont Shares free and clear of all liens, encumbrances and rights of refusal of any kind, except for the Sumitomo Lien (as defined in Section D.1.g below) and, upon the consummation of the transactions contemplated herein, Augusta Canada shall be entitled to all rights accorded to a holder of the Rosemont Shares; and

i. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

D. REPRESENTATIONS AND WARRANTIES OF AUGUSTA CANADA

1. Augusta Canada hereby represents, warrants and covenants to the other Parties that:

a. it is a company incorporated, validly existing and in good standing under the laws of the Province of British Columbia with full power and authority to enter into and perform all of its obligations under this Agreement;

b. all transactions necessary to authorize the execution and delivery of this Agreement and the purchase by it of the Rosemont Shares and the issuance to Augusta Parent of the Consideration Shares have taken place;

c. it is a '*taxable Canadian corporation*', as that term is defined in the Act;

d. it shall forthwith execute and deliver to Augusta Parent a share certificate representing the Consideration Shares duly registered in the name of Augusta Parent;

e. the purchase price of the Rosemont Shares will be the fair market value of the Rosemont Shares at the Effective Date and the Estimated Value is the Transaction Parties' best estimate of the fair market value of the Rosemont Shares presently available;

f. it is accepting the contribution of the Rosemont Shares as principal for its own account and not for the benefit of any other person;

g. it is aware and acknowledges that pursuant to that certain Stock Pledge Agreement, dated as of June 17, 2008, between Augusta Parent and Sumitomo Corporation of America ("***Sumitomo***"), Sumitomo holds a perfected first-priority security interest (the "***Sumitomo Lien***") in all of the Rosemont Shares and all additional capital stock or other equity securities issued by Rosemont, and such security interest shall continue notwithstanding the transactions contemplated hereunder;

h. it is aware that the Rosemont Shares have not been and will not be registered under the United Securities Act of 1933, as amended (the "***U.S. Securities Act***") or the securities laws of any state and that the Rosemont Shares may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act and complying with all applicable state securities laws, or pursuant to the requirements of an exemption or exclusion from such registration requirements and it acknowledges that neither Augusta Parent nor Rosemont has a present intention of filing a registration statement under the U.S. Securities Act or any applicable state securities laws in respect of the Rosemont Shares;

i. it has the requisite corporate power and authority to enter into and perform this Agreement and to issue the Consideration Shares in accordance with the terms hereof and the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or stockholders is required;

j. when paid for or issued in accordance with the terms hereof, the Consideration Shares will be duly authorized by all necessary corporate action and validly issued and outstanding, fully paid and nonassessable, free and clear of all liens, encumbrances and rights of refusal of any kind and Augusta Parent shall be entitled to all rights accorded to a holder of shares of its common stock;

k. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application;

l. the Rosemont Shares being contributed hereunder are "restricted securities" as defined in Rule 144 under the U.S. Securities Act and are subject to resale or transfer restrictions and the certificate evidencing the Rosemont Shares bears a legend in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER UNITED STATES FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE CORPORATION, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE UNITED STATES FEDERAL OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE

EXEMPTION THEREFROM, SUCH COMPLIANCE, AT THE OPTION OF THE CORPORATION, TO BE EVIDENCED BY AN OPINION OF SHAREHOLDER'S COUNSEL, IN FORM ACCEPTABLE TO THE CORPORATION, THAT NO VIOLATION OF SUCH REGISTRATION PROVISIONS WOULD RESULT FROM ANY PROPOSED TRANSFER OR ASSIGNMENT.

m. it will not offer or sell the Rosemont Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirement is available; and

n. it acknowledges that because the contribution of the Rosemont Shares is being made pursuant to exemptions from the registration and prospectus requirements of the U.S. Securities Act and other applicable securities laws:

   (i) it is restricted from using certain civil remedies available under the U.S. Securities Act and other applicable securities laws;

   (ii) it will not receive a prospectus that might otherwise be required to be provided to it under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used;

   (iii) the offering of the securities need not be carried out through an investment advisor; and

   (iv) Augusta Parent is relieved from certain obligations that would otherwise apply under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used.

E. REPRESENTATION AND WARRANTIES OF ROSEMONT

1. Rosemont warrants, represents and covenants to Augusta Canada that:

   a. it has the requisite corporate power and authority to enter into and perform this Agreement and to enter Augusta Canada's name and address in the central securities register of Rosemont and issue the appropriate share certificate to Augusta Canada representing Augusta Canada's ownership of the Rosemont Shares. The execution, delivery and performance of the Agreement by it and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or stockholders is required; and

   b. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

F. MISCELLANEOUS

1. This Agreement shall inure to the benefit of and be binding upon the respective heirs, administrators, successors and assigns of the Parties.

2. The Parties shall do, sign, execute and make all deeds, documents, matters and things which are convenient or necessary for completely and effectively carrying out the terms and intentions of this Agreement and for vesting title to the Rosemont Shares in Augusta Canada and title to the Consideration Shares in Augusta Parent.

3. This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada in force therein, without reference to choice-of-laws or conflict-of-laws principles or rules that would direct the general application of the laws of another jurisdiction.

4. Should any provision hereof be unenforceable it shall be severed from this Agreement and the remainder of the Agreement shall remain in full force and effect and shall be unaffected thereby.

5. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Executed copies of this Agreement may be delivered by facsimile transmission and it shall not be necessary to confirm execution by delivery of originally executed documents.

6. This Agreement contains the complete agreement between the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior understandings, promises, agreements and representations, whether written or oral, by or between the Parties or any of them with respect to the subject matter of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed effective as of the Effective Date.

AUGUSTA RESOURCE CORPORATION

By: Bruce Nicol
Name:
Title:

AUGUSTA RESOURCE (CANADA) CORPORATION

By: Bruce Nicol
Name:
Title:

ROSEMONT COPPER COMPANY

By: ____________________
Name:
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed effective as of the Effective Date.

AUGUSTA RESOURCE CORPORATION

By: ______________________________
Name:
Title:

AUGUSTA RESOURCE (CANADA) CORPORATION

By: ______________________________
Name:
Title:

ROSEMONT COPPER COMPANY

By: ______________________________
Name: GIL CLAUSEN
Title: PRESIDENT

C

CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "***Agreement***"), dated as of October 1, 2008 (the "***Effective Date***"), is made by and among Augusta Resource (Canada) Corporation, a British Columbia corporation ("***Augusta Canada***"), Augusta Resource (US) Corporation, a Nevada corporation ("***Augusta US***"), and Rosemont Copper Company, an Arizona corporation ("***Rosemont***" and collectively with Augusta Canada and Augusta US, the "***Parties***").

Recitals

WHEREAS,

A. Augusta Canada is the recorded and beneficial owner of one hundred (100) common shares, no par value, of Rosemont constituting all of the issued and outstanding shares of Rosemont (the "***Rosemont Shares***");

B. Augusta Canada desires to contribute the Rosemont Shares to Augusta US in exchange for the issuance and payment by Augusta US of of Augusta US's common stock (the "***Consideration Shares***"); and

The number of shares has been omitted.

C. The Parties intend that the contribution of the Rosemont Shares pursuant to this Agreement qualify as a tax-free transaction under Section 351 of the United States Internal Revenue Code of 1986, as amended (the "***Code***").

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows.

A. INTERPRETATION

1. Headings are intended for convenience of reference only and shall not form a part hereof nor affect the interpretation of this Agreement.

B. CONTRIBUTION AND CONSIDERATION

1. Augusta Canada hereby contributes, sells, assigns and transfers and Augusta US hereby purchases, Augusta Canada's interest in the Rosemont Shares for and at a price equal to the fair market value of the Rosemont Shares at the Effective Date, Augusta Canada and Augusta US (the "***Transaction Parties***") best estimate of which is being (the "***Estimated Value***").

The estimated value has been omitted.

2. As consideration for the contribution by Augusta Canada of the Rosemont Shares, Augusta US shall pay for the Rosemont Shares to Augusta Canada on the Effective Date

by issuing to Augusta Canada the Consideration Shares, having an aggregate fair market value equal to the fair market value of the Rosemont Shares.

3. Augusta US undertakes and agrees that, on the Effective Date, it will issue the appropriate share certificate representing the Consideration Shares and enter Augusta Canada's name and address shown below in the central securities register of Augusta US:

AUGUSTA RESOURCE (CANADA) CORPORATION
837 West Hastings Street, Suite 400
Vancouver, British Columbia, Canada V6C 3N6

4. Rosemont undertakes and agrees that, on the Effective Date, it will remove Augusta Canada's name from the central securities register of Rosemont and cancel the share certificate representing Augusta Canada's ownership of the Rosemont Shares, issue the appropriate share certificate to Augusta US representing Augusta US's ownership of the Rosemont Shares and enter Augusta US's name and address shown below in the central securities register of Rosemont:

AUGUSTA RESOURCE (US) CORPORATION
4500 Cherry Creek South Drive, Suite 1040
Denver, CO 80246

5. The Parties shall complete and timely file with the Internal Revenue Service all notices and other documents required under Sections 897 and 1445 of the Code and the regulations promulgated thereunder.

6. For the purposes of the Income Tax Act (Canada) (the "***Act***"), Augusta Canada covenants and agrees to file within the prescribed time for the purposes of the Act with respect to the sale by Augusta Canada to Augusta US of the Rosemont Shares at an amount to be determined by Augusta Canada, which amount shall not be less than the tax cost of the Rosemont Shares to Augusta Canada, or greater than the fair market value of the Rosemont Shares (the "***Elected Amount***").

7. If at any time or times after the Effective Date, it is determined that either:

   (a) it is necessary to change the Elected Amount to comply with the common intentions of the Transaction Parties as hereinbefore expressed; or

   (b) the Act deems the Elected Amount to be an amount which is different than the amount agreed upon between the Transaction Parties,

then, in order to comply with the common intentions of the Transaction Parties as hereinbefore expressed, the Transaction Parties shall do all things reasonably necessary to reflect such change including, for example, increasing or decreasing the paid-up capital of the Consideration Shares.

8. Augusta Canada acknowledges and declares that from and after the Effective Date until such time as the Rosemont Shares have been fully and validly transferred to Augusta US, Augusta Canada shall hold any interest in the Rosemont Shares in trust as a bare trustee, agent and nominee for Augusta US. It is also acknowledged and agreed that third parties may continue to deal with Augusta Canada in respect of the Rosemont Shares, and Augusta Canada hereby agrees that it will at all times after the Effective Date act solely as the bare trustee, agent and nominee of Augusta US in respect of all such dealings.

C. REPRESENTATIONS AND WARRANTIES OF AUGUSTA CANADA

1. Augusta Canada warrants, represents and covenants to the other Parties that:

   a. it is a company incorporated, validly existing and in good standing under the laws of British Columbia with full power and authority to enter into and perform all of its obligations under this Agreement;

   b. all transactions necessary to authorize the execution and delivery of this Agreement and the sale by it of the Rosemont Shares have taken place;

   c. it is a 'taxable *Canadian corporation*', as that term is defined in the Act;

   d. it shall execute and deliver to Augusta US forthwith all documentation reasonably required to transfer and assign the Rosemont Shares to Augusta US as set out herein;

   e. the purchase price of the Rosemont Shares will be the fair market value of the Rosemont Shares at the Effective Date and the Estimated Value is the Transaction Parties' best estimate of the fair market value of the Rosemont Shares presently available;

   f. it is acquiring the Consideration Shares as principal for its own account and not for the benefit of any other person;

   g. it has the requisite corporate power and authority to enter into and perform this Agreement and to contribute the Rosemont Shares in accordance with the terms hereof and the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or shareholders is required;

   h. it has good and valid title to the Rosemont Shares free and clear of all liens, encumbrances and rights of refusal of any kind, except for the Sumitomo Lien (as defined in Section D.1.g below) and, upon the consummation of the transactions contemplated herein, Augusta US shall be entitled to all rights accorded to a holder of the Rosemont Shares; and

i. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

D. REPRESENTATIONS AND WARRANTIES OF AUGUSTA US

1. Augusta US hereby represents, warrants and covenants to the other Parties that:

a. it is a company incorporated, validly existing and in good standing under the laws of the State of Nevada with full power and authority to enter into and perform all of its obligations under this Agreement;

b. all transactions necessary to authorize the execution and delivery of this Agreement and the purchase by it of the Rosemont Shares and the issuance to Augusta Canada of the Consideration Shares have taken place;

c. it shall forthwith execute and deliver to Augusta Canada a share certificate representing the Consideration Shares duly registered in the name of Augusta Canada;

d. the purchase price of the Rosemont Shares will be the fair market value of the Rosemont Shares at the Effective Date and the Estimated Value is the Transaction Parties' best estimate of the fair market value of the Rosemont Shares presently available;

e. it is accepting the contribution of the Rosemont Shares as principal for its own account and not for the benefit of any other person;

f. it is aware that the Rosemont Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "***U.S. Securities Act***") or the securities laws of any state and that the Rosemont Shares may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act and complying with all applicable state securities laws, or pursuant to the requirements of an exemption or exclusion from such registration requirements and it acknowledges that neither Augusta Canada nor Rosemont has a present intention of filing a registration statement under the U.S. Securities Act or any applicable state securities laws in respect of the Rosemont Shares;

g. it is aware and acknowledges that pursuant to that certain Stock Pledge Agreement, dated as of June 17, 2008, between Augusta Resource Corporation and Sumitomo Corporation of America ("***Sumitomo***"), Sumitomo holds a perfected first-priority security interest (the "***Sumitomo Lien***") in all of the Rosemont Shares and all additional capital stock or other equity securities issued by Rosemont, and such security interest shall continue notwithstanding the transactions contemplated hereunder;

h. it has the requisite corporate power and authority to enter into and perform this Agreement and to issue the Consideration Shares in accordance with the terms hereof and the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or stockholders is required;

i. when paid for or issued in accordance with the terms hereof, the Consideration Shares will be duly authorized by all necessary corporate action and validly issued and outstanding, fully paid and nonassessable, free and clear of all liens, encumbrances and rights of refusal of any kind and Augusta Canada shall be entitled to all rights accorded to a holder of shares of its common stock;

j. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application;

k. the Rosemont Shares being contributed hereunder are "restricted securities" as defined in Rule 144 under the U.S. Securities Act and are subject to resale or transfer restrictions and the certificate evidencing the Rosemont Shares bears a legend in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER UNITED STATES FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE CORPORATION, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE UNITED STATES FEDERAL OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE EXEMPTION THEREFROM, SUCH COMPLIANCE, AT THE OPTION OF THE CORPORATION, TO BE EVIDENCED BY AN OPINION OF SHAREHOLDER'S COUNSEL, IN FORM ACCEPTABLE TO THE CORPORATION, THAT NO VIOLATION OF SUCH REGISTRATION PROVISIONS WOULD RESULT FROM ANY PROPOSED TRANSFER OR ASSIGNMENT.

l. it will not offer or sell the Rosemont Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirement is available; and

m. it acknowledges that because the contribution of the Rosemont Shares is being made pursuant to exemptions from the registration and prospectus requirements of the U.S. Securities Act and other applicable securities laws:

   (i) it is restricted from using certain civil remedies available under the U.S. Securities Act and other applicable securities laws;

   (ii) it will not receive a prospectus that might otherwise be required to be provided to it under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used;

   (iii) the offering of the securities need not be carried out through an investment advisor; and

   (iv) Augusta Canada is relieved from certain obligations that would otherwise apply under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used.

E. REPRESENTATION AND WARRANTIES OF ROSEMONT

1. Rosemont warrants, represents and covenants to Augusta US that:

   a. it has the requisite corporate power and authority to enter into and perform this Agreement and to enter Augusta US's name and address in the central securities register of Rosemont and issue the appropriate share certificate to Augusta US representing Augusta US's ownership of the Rosemont Shares. The execution, delivery and performance of the Agreement by it and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or stockholders is required; and

   b. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

F. MISCELLANEOUS

1. This Agreement shall inure to the benefit of and be binding upon the respective heirs, administrators, successors and assigns of the Parties.

2. The Parties shall do, sign, execute and make all deeds, documents, matters and things which are convenient or necessary for completely and effectively carrying out the terms and intentions of this Agreement and for vesting title to the Rosemont Shares in Augusta US and title to the Consideration Shares in Augusta Canada.

3. This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada in force therein, without reference to choice-of-laws or conflict-of-laws principles or rules that would direct the general application of the laws of another jurisdiction.

4. Should any provision hereof be unenforceable it shall be severed from this Agreement and the remainder of the Agreement shall remain in full force and effect and shall be unaffected thereby.

5. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Executed copies of this Agreement may be delivered by facsimile transmission and it shall not be necessary to confirm execution by delivery of originally executed documents.

6. This Agreement contains the complete agreement between the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior understandings, promises, agreements and representations, whether written or oral, by or between the Parties or any of them with respect to the subject matter of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed effective as of the Effective Date.

AUGUSTA RESOURCE (CANADA) CORPORATION

By: ______________________________
Name: Bruce Nicol
Title: CFO

AUGUSTA RESOURCE (US) CORPORATION

By: ______________________________
Name:
Title:

ROSEMONT COPPER COMPANY

By: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed effective as of the Effective Date.

AUGUSTA RESOURCE (CANADA) CORPORATION

By: ____________________________
Name:
Title:

AUGUSTA RESOURCE (US) CORPORATION

By: ____________________________
Name: GIL CLAUSEN
Title: PRESIDENT

ROSEMONT COPPER COMPANY

By: ____________________________
Name: GIL CLAUSEN
Title: PRESIDENT

CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "***Agreement***"), dated as of October 1, 2008 (the "***Effective Date***"), is made by and among Augusta Resource (US) Corporation, a Nevada corporation ("***Augusta US***"), Augusta Resource (US) Holding Corporation, a Nevada corporation ("***Augusta Holdco***"), and Rosemont Copper Company, an Arizona corporation ("***Rosemont***" and together with Augusta US and Augusta Holdco, the "***Parties***").

Recitals

WHEREAS,

A. Augusta US is the recorded and beneficial owner of one hundred (100) common shares, no par value, of Rosemont constituting all of the issued and outstanding shares of Rosemont (the "***Rosemont Shares***");

B. Augusta US desires to contribute the Rosemont Shares to Augusta Holdco in exchange for the issuance and payment by Augusta Holdco of of Augusta Holdco's common stock (the "***Consideration Shares***"); and The number of shares has been omitted

C. The Parties intend that the contribution of the Rosemont Shares pursuant to this Agreement qualify as a tax-free transaction under Section 351 of the United States Internal Revenue Code of 1986, as amended (the "***Code***").

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows.

A. INTERPRETATION

1. Headings are intended for convenience of reference only and shall not form a part hereof nor affect the interpretation of this Agreement.

B. CONTRIBUTION AND CONSIDERATION

1. Augusta US hereby contributes, sells, assigns and transfers and Augusta Holdco hereby purchases, Augusta US's interest in the Rosemont Shares for and at a price equal to the fair market value of the Rosemont Shares at the Effective Date, Augusta US and Augusta Holdco (the "***Transaction Parties***") best estimate of which is (the "***Estimated Value***"). The estimated value has been omitted.

2. As consideration for the contribution by Augusta US of the Rosemont Shares, Augusta Holdco shall pay for the Rosemont Shares to Augusta US on the Effective Date by

issuing to Augusta US the Consideration Shares, having an aggregate fair market value equal to the fair market value of the Rosemont Shares.

3. Augusta Holdco undertakes and agrees that, on the Effective Date, it will issue the appropriate share certificate representing the Consideration Shares and enter Augusta US's name and address shown below in the central securities register of Augusta Holdco:

   AUGUSTA RESOURCE (US) CORPORATION
   4500 Cherry Creek South Drive, Suite 1040
   Denver, CO 80246

4. Rosemont undertakes and agrees that, on the Effective Date, it will remove Augusta US's name from the central securities register of Rosemont and cancel the share certificate representing Augusta US's ownership of the Rosemont Shares, issue the appropriate share certificate to Augusta Holdco representing Augusta Holdco's ownership of the Rosemont Shares and enter Augusta Holdco's name and address shown below in the central securities register of Rosemont:

   AUGUSTA RESOURCE (US) HOLDING CORPORATION
   4500 Cherry Creek South Drive, Suite 1040
   Denver, CO 80246

5. The Parties shall complete and timely file with the Internal Revenue Service all notices and other documents required under Sections 897 and 1445 of the Code and the regulations promulgated thereunder.

6. Augusta US acknowledges and declares that from and after the Effective Date until such time as the Rosemont Shares have been fully and validly transferred to Augusta Holdco, Augusta US shall hold any interest in the Rosemont Shares in trust as a bare trustee, agent and nominee for Augusta Holdco. It is also acknowledged and agreed that third parties may continue to deal with Augusta US in respect of the Rosemont Shares, and Augusta US hereby agrees that it will at all times after the Effective Date act solely as the bare trustee, agent and nominee of Augusta Holdco in respect of all such dealings.

C. REPRESENTATIONS AND WARRANTIES OF AUGUSTA US

1. Augusta US warrants, represents and covenants to the other Parties that:

   a. it is a company incorporated, validly existing and in good standing under the laws of the State of Nevada with full power and authority to enter into and perform all of its obligations under this Agreement;

   b. all transactions necessary to authorize the execution and delivery of this Agreement and the sale by it of the Rosemont Shares have taken place;

c. it shall execute and deliver to Augusta Holdco forthwith all documentation reasonably required to transfer and assign the Rosemont Shares to Augusta Holdco as set out herein;

d. the purchase price of the Rosemont Shares will be the fair market value of the Rosemont Shares at the Effective Date and the Estimated Value is the Transaction Parties' best estimate of the fair market value of the Rosemont Shares presently available;

e. it is acquiring the Consideration Shares as principal for its own account and not for the benefit of any other person;

f. it is aware that the Consideration Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "***U.S. Securities Act***") or the securities laws of any state and that the Consideration Shares may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act and complying with all applicable state securities laws, or pursuant to the requirements of an exemption or exclusion from such registration requirements and it acknowledges that Augusta Holdco does not have a present intention of filing a registration statement under the U.S. Securities Act or any applicable state securities laws in respect of the Consideration Shares;

g. it has the requisite corporate power and authority to enter into and perform this Agreement and to contribute the Rosemont Shares in accordance with the terms hereof and the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or shareholders is required;

h. it has good and valid title to the Rosemont Shares free and clear of all liens, encumbrances and rights of refusal of any kind, except for the Sumitomo Lien (as defined in Section D.1.g below), and, upon the consummation of the transactions contemplated herein, Augusta Holdco shall be entitled to all rights accorded to a holder of the Rosemont Shares;

i. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application;

j. the Consideration Shares being acquired hereunder are "restricted securities" as defined in Rule 144 under the U.S. Securities Act and are subject to resale or transfer restrictions and the certificate evidencing the Consideration Shares bears a legend in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER UNITED STATES FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE CORPORATION, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE UNITED STATES FEDERAL OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE EXEMPTION THEREFROM, SUCH COMPLIANCE, AT THE OPTION OF THE CORPORATION, TO BE EVIDENCED BY AN OPINION OF SHAREHOLDER'S COUNSEL, IN FORM ACCEPTABLE TO THE CORPORATION, THAT NO VIOLATION OF SUCH REGISTRATION PROVISIONS WOULD RESULT FROM ANY PROPOSED TRANSFER OR ASSIGNMENT.

k. it will not offer or sell the Consideration Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirement is available; and

l. it acknowledges that because the transfer of the Consideration Shares is being made pursuant to exemptions from the registration and prospectus requirements of the U.S. Securities Act and other applicable securities laws:

   (i) it is restricted from using certain civil remedies available under the U.S. Securities Act and other applicable securities laws;

   (ii) it will not receive a prospectus that might otherwise be required to be provided to it under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used;

   (iii) the offering of the securities need not be carried out through an investment advisor; and

   (iv) Augusta Holdco is relieved from certain obligations that would otherwise apply under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used.

D. REPRESENTATIONS AND WARRANTIES OF AUGUSTA HOLDCO

1. Augusta Holdco hereby represents, warrants and covenants to the other Parties that:

   a. it is a company incorporated, validly existing and in good standing under the laws of the State of Nevada with full power and authority to enter into and perform all of its obligations under this Agreement;

b. all transactions necessary to authorize the execution and delivery of this Agreement and the purchase by it of the Rosemont Shares and the issuance to Augusta US of the Consideration Shares have taken place;

c. it shall forthwith execute and deliver to Augusta US a share certificate representing the Consideration Shares duly registered in the name of Augusta US;

d. the purchase price of the Rosemont Shares will be the fair market value of the Rosemont Shares at the Effective Date and the Estimated Value is the Transaction Parties' best estimate of the fair market value of the Rosemont Shares presently available;

e. it is accepting the contribution of the Rosemont Shares as principal for its own account and not for the benefit of any other person;

f. it is aware that the Rosemont Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that the Rosemont Shares may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act and complying with all applicable state securities laws, or pursuant to the requirements of an exemption or exclusion from such registration requirements and it acknowledges that neither Augusta US nor Rosemont has a present intention of filing a registration statement under the U.S. Securities Act or any applicable state securities laws in respect of the Rosemont Shares;

g. it is aware and acknowledges that pursuant to that certain Stock Pledge Agreement, dated as of June 17, 2008, between Augusta Resource Corporation and Sumitomo Corporation of America ("***Sumitomo***"), Sumitomo holds a perfected first-priority security interest (the "***Sumitomo Lien***") in all of the Rosemont Shares and all additional capital stock or other equity securities issued by Rosemont, and such security interest shall continue notwithstanding the transactions contemplated hereunder;

h. it has the requisite corporate power and authority to enter into and perform this Agreement and to issue the Consideration Shares in accordance with the terms hereof and the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or stockholders is required;

i. when paid for or issued in accordance with the terms hereof, the Consideration Shares will be duly authorized by all necessary corporate action and validly issued and outstanding, fully paid and nonassessable, free and clear of all liens, encumbrances and rights of refusal of any kind and Augusta US shall be entitled to all rights accorded to a holder of shares of its common stock;

j. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application;

k. the Rosemont Shares being contributed hereunder are "restricted securities" as defined in Rule 144 under the U.S. Securities Act and are subject to resale or transfer restrictions and the certificate evidencing the Rosemont Shares bears a legend in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER UNITED STATES FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE CORPORATION, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE UNITED STATES FEDERAL OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE EXEMPTION THEREFROM, SUCH COMPLIANCE, AT THE OPTION OF THE CORPORATION, TO BE EVIDENCED BY AN OPINION OF SHAREHOLDER'S COUNSEL, IN FORM ACCEPTABLE TO THE CORPORATION, THAT NO VIOLATION OF SUCH REGISTRATION PROVISIONS WOULD RESULT FROM ANY PROPOSED TRANSFER OR ASSIGNMENT.

l. it will not offer or sell the Rosemont Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirement is available; and

m. it acknowledges that because the contribution of the Rosemont Shares is being made pursuant to exemptions from the registration and prospectus requirements of the U.S. Securities Act and other applicable securities laws:

(i) it is restricted from using certain civil remedies available under the U.S. Securities Act and other applicable securities laws;

(ii) it will not receive a prospectus that might otherwise be required to be provided to it under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used;

(iii) the offering of the securities need not be carried out through an investment advisor; and

(iv) Augusta US is relieved from certain obligations that would otherwise apply under the U.S. Securities Act and other applicable securities laws if the exemptions were not being used.

E. **REPRESENTATION AND WARRANTIES OF ROSEMONT**

1. Rosemont warrants, represents and covenants to Augusta Holdco that:

a. it has the requisite corporate power and authority to enter into and perform this Agreement and to enter Augusta Holdco's name and address in the central securities register of Rosemont and issue the appropriate share certificate to Augusta Holdco representing Augusta Holdco's ownership of the Rosemont Shares. The execution, delivery and performance of the Agreement by it and the consummation by it of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate action and no further consent or authorization of it, its board of directors or stockholders is required; and

b. when executed and delivered by it, this Agreement shall constitute a valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

F. **MISCELLANEOUS**

1. This Agreement shall inure to the benefit of and be binding upon the respective heirs, administrators, successors and assigns of the Parties.

2. The Parties shall do, sign, execute and make all deeds, documents, matters and things which are convenient or necessary for completely and effectively carrying out the terms and intentions of this Agreement and for vesting title to the Rosemont Shares in Augusta Holdco and title to the Consideration Shares in Augusta US.

3. This Agreement shall be governed by the laws of the State of Nevada and the laws of the United States in force therein, without reference to choice-of-laws or conflict-of-laws principles or rules that would direct the general application of the laws of another jurisdiction.

4. Should any provision hereof be unenforceable it shall be severed from this Agreement and the remainder of the Agreement shall remain in full force and effect and shall be unaffected thereby.

5. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Executed copies of this Agreement may be delivered by facsimile

transmission and it shall not be necessary to confirm execution by delivery of originally executed documents.

6. This Agreement contains the complete agreement between the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior understandings, promises, agreements and representations, whether written or oral, by or between the Parties or any of them with respect to the subject matter of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed effective as of the Effective Date.

AUGUSTA RESOURCE (US) CORPORATION

By: ______________________
Name: GIL CLAUSEN
Title: PRESIDENT

AUGUSTA RESOURCE (US) HOLDING CORPORATION

By: ______________________
Name: GIL CLAUSEN
Title: PRESIDENT

ROSEMONT COPPER COMPANY

By: ______________________
Name: GIL CLAUSEN
Title: PRESIDENT

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement"), dated as of June 17, 2008, is made between Rosemont Copper Company, a corporation organized under the laws of the State of Arizona (the "Borrower"), and Sumitomo Corporation of America, a corporation organized under the laws of the State of New York (the "Lender").

WHEREAS, the Borrower has requested the Lender to make loans to the Borrower in an aggregate principal amount of up to $40,000,000 at any time outstanding in connection with the development of the Project. The Lender is willing to make such loans to the Borrower upon the terms and subject to the conditions set forth in this Agreement and the other Loan Documents.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01 Certain Defined Terms. As used in this Agreement (including in the recitals hereof), the following terms shall have the following meanings:

"Abandonment" shall occur if (i) the Borrower ceases reasonable preparation for the development and construction of the Project, including obtaining all necessary licenses and permits therefor, and such condition continues without interruption for fifteen (15) days, (ii) the Lender shall have delivered to the Borrower a notice requesting a certificate to the effect that the Borrower intends to resume such reasonable preparation, (iii) within five (5) days following delivery of such notice such certificate is not delivered to the Lender, and the Borrower does not then resume such activities and (iv) the Lender has notified the Borrower in writing that Abandonment has occurred.

"Additional Funding" means any debt, equity or other transaction used to fund all or any material part of the long term capital needs of the Project and secured by a security interest in all or a portion of the Borrower's or any Subsidiary of the Borrower's rights in the Project or evidenced by an equity interest in the Borrower or any Subsidiary thereof, the Net Cash Proceeds of which are sufficient to pay all the Obligations owing hereunder, but does not include (i) debt otherwise permitted hereunder secured by a Permitted Lien or (ii) transactions otherwise permitted hereunder between the Borrower and either the Guarantor or any Subsidiary of the Guarantor which is not also a Subsidiary of the Borrower.

"Affiliate" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person. For purposes of the foregoing, "control," "controlled by" and "under common control with" with respect to any Person shall mean the possession, directly or indirectly, of the power (i) to vote 20% or more of the securities having ordinary voting power with respect to the election of directors (or the equivalent) of such Person, or (ii) to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Applicable LIBOR" means, for each initial Interest Period for each Loan:

Initial Disbursement Date	LIBOR Rate
During first month of a calendar quarter	3 month LIBOR as of the second Business Day prior to the disbursement date
During second month of a calendar quarter	2 month LIBOR as of the second Business Day prior to the disbursement date
During third month of a calendar quarter	1 month LIBOR as of the second Business Day prior to the disbursement date

and, for any subsequent Interest Period for such Loan, 3 month LIBOR as determined on the first Business Day of such Interest Period.

"ASARCO Fraudulent Conveyance Litigation" means the adversary proceeding commenced by ASARCO LLC in the United States Bankruptcy Court for the Southern District of Texas, styled as ASARCO LLC v. Augusta Resource (Arizona) Corporation et al., Adv. No. 07-2056.

"Bankruptcy Code" means Title 11 of the United States Code as now or hereafter in effect, or any successor statute.

"Borrower" has the meaning set forth in the recital of parties to this Agreement.

"Business Day" means a day other than a Saturday or a Sunday on which banks are open for business in New York City.

"Change of Control" means, with respect to any Person, an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire (such right, an "option right"), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 50% or more of the equity securities of such Person entitled to vote for members of the board of directors or equivalent governing body of such Person on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right);

(b) during any period of 12 consecutive months following the Closing Date, a majority of the members of the board of directors or other equivalent governing body of such Person cease to be composed of individuals who were members of that board or equivalent governing body on the first day of such period;

(c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of a Person, or control over the equity securities of such Person entitled to vote for members of the board of directors or equivalent governing body of such Person on a fully-diluted basis (and taking into account all such securities that such acquiring Person or group has the right to acquire pursuant to any option right) representing 50% or more of the combined voting power of such securities.

"Closing Date" means the date of this Agreement.

"Collateral" means the property described in the Collateral Documents, and all other property now existing or hereafter acquired which may at any time be or become subject to a Lien in favor of the Lender, pursuant to the Collateral Documents or otherwise, securing the payment and performance of the Obligations. In no event shall the Collateral include the Excluded Assets.

"Collateral Documents" means the Security Agreement, the Pledge Agreement, the Deeds of Trust, or any other agreement pursuant to which the Borrower, the Guarantor or any other Person provides a Lien on its assets in favor of the Lender securing the payment and performance of the Obligations, and all filings, documents and instruments made or delivered pursuant thereto.

"Commitment" means the Tranche A Commitment or Tranche B Commitment, as the case may be (collectively, the "Commitments").

"Dawson Properties" means Dawson Properties, LLC, an Arizona limited liability company, whose sole member is the Borrower.

"Deeds of Trust" means the deeds of trust, dated as of the date hereof, executed in favor of the Lender, as beneficiary, by each of the Borrower, Dawson Properties and Sanrita Properties.

"Default" means an event or condition which with notice or lapse of time or both would constitute an Event of Default.

"Disclosure Letter" means the letter of even date herewith from the Borrower to the Lender setting forth exceptions to, and disclosures with respect to, Article IV (which letter shall expressly indicate the Sections of Article IV to which such disclosures relate).

"Dollars" and the sign "$" each means lawful money of the United States.

"Eligible Equipment" means any equipment to be used by the Borrower exclusively in connection with the development and operation of the Project, including mills, drives, crushers, large mining haulage trucks, mining excavators (i.e. shovels), dozers, graders, water trucks, and other mining and construction equipment acceptable to the Lender.

"Eligible Purpose" means (i) in the case of Loans disbursed from the Tranche A Facility, only to pay all or a portion of the purchase price of Eligible Equipment (or reimburse the Borrower for the payment of some or all of the purchase price of Eligible Equipment paid on or after January 1, 2008), and (ii) in the case of Loans disbursed from the Tranche B Facility, only for general working capital purposes with respect to the Project.

"Environmental Indemnity" means the Environmental Indemnity dated as of the Closing Date, among Dawson, Sanrita and the Borrower.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directives, requests, licenses, authorizations and permits of, and agreements with (including consent decrees), any governmental agencies or authorities, in each case relating to or imposing liability or standards of conduct concerning public health, safety and environmental protection matters.

"Equipment Purchase Contract" means any agreement or contract between a Vendor and the Borrower for the purchase or other acquisition by the Borrower of Eligible Equipment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, including (unless the context otherwise requires) any rules or regulations promulgated thereunder from time to time.

"ERISA Affiliate" means each business or entity which is, or within the last six years was, a member of a "controlled group of corporations", under "common control" or an "affiliated service group" with the Borrower or the Guarantor within the meaning of Section 414(b), (c) or (m) of the Internal Revenue Code, required to be aggregated with the Borrower or the Guarantor under Section 414(o) of the Internal Revenue Code, or is, or within the last six years was, under "common control" with the Borrower or the Guarantor, within the meaning of Section 4001(a)(14) of ERISA.

"ERISA Event" means (i) the occurrence of a non-exempt prohibited transaction under Sections 406 or 407 of ERISA for which the Borrower, the Guarantor or any Subsidiary thereof may be directly or indirectly liable; (ii) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Internal Revenue Code by any fiduciary or disqualified person for which the Borrower, the Guarantor or any ERISA Affiliate thereof may be directly or indirectly liable for an amount exceeding the Threshold Amount; (iii) the occurrence of an act or omission which could give rise to the imposition on the Borrower, the Guarantor or any ERISA Affiliate thereof of material fines, penalties, taxes or related charges under Chapter 43 of the Internal Revenue Code or under Sections 409, 502(c), (i) or (1) or 4071 of ERISA; (iv) the assertion of a material claim (other than routine claims for benefits) against any Plan or the assets thereof, or against the Borrower, the Guarantor or any Subsidiary thereof in connection with any such plan; (v) receipt from the IRS of notice of the failure of any Qualified Plan to qualify under Section 401(a) of the Internal Revenue Code, or the failure of any trust forming part of any Qualified Plan to fail to qualify for exemption from taxation under Section 501(a) of the Internal Revenue Code; (vi) the imposition of any lien on any of the rights, properties or assets of the Borrower, the Guarantor or any ERISA Affiliate thereof, in either case pursuant to Title I or IV of ERISA; (vii) the establishment or amendment by the Borrower, the Guarantor or any Subsidiary thereof of any "welfare plan", as such term is defined in Section 3(1) of ERISA, that provides post-employment welfare benefits in a manner that would materially increase the liability of the Borrower or the Guarantor; or (ix) the establishment or maintenance by Borrower, Guarantor or any ERISA Affiliate thereof of a Pension Plan without the prior written consent of Lender.

"Event of Default" has the meaning set forth in Section 6.01.

"Event of Loss" means with respect to any asset of the Borrower or its Subsidiaries any of the following: (i) any loss, destruction or damage of such asset; (ii) any pending proceedings for the condemnation or seizure of such asset or of any right of eminent domain; or (iii) any actual condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such asset, or confiscation of such asset or requisition of the use of such asset.

"Excluded Assets" means those assets of the Borrower set forth in Schedule 1.

"Final Maturity Date" means two (2) years from the Closing Date.

"GAAP" means generally accepted accounting principles as used in Canada set forth in opinions and pronouncements of the Accounting Standards Board of Canada or in such other statements by such other entity as may be approved by a significant segment of the accounting profession in the Canada or as may be mandated by applicable law.

"Guarantor" means Augusta Resource Corporation, a Canadian corporation.

"Guarantor Documents" means the Guaranty, the Pledge Agreement, and all other documents, agreements and instruments delivered to the Lender by the Guarantor under or in connection with its Guaranty.

"Guaranty" means the Guaranty, dated as of the Closing Date between the Guarantor and the Lender.

"Indebtedness" means any indebtedness or obligation for borrowed money, the deferred purchase price of property or leases which would be capitalized in accordance with GAAP, any reimbursement and other obligations in respect of letters of credit and surety or performance bonds, and all net obligations in respect of derivative products; and any liability as a surety, guarantor, accommodation party or otherwise for or upon the indebtedness or obligation of any other Person of the nature described above.

"Insolvency Proceeding" means (i) any case, action or proceeding before any court or other governmental agency or authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (ii) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of any Person's creditors generally or any substantial portion of such Person's creditors, in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Interest Period" means for each Loan, initially the period from the initial disbursement date of such Loan until the end of the calendar quarter in which such Loan is made, and thereafter, each successive three (3) month period corresponding to a calendar quarter. If (i) the Interest Periods for two or more Loans end on the same day; or (ii) a new Loan is made on the last day of an Interest Period for another Loan, those Loans shall be automatically consolidated on that day and thereafter considered as a single Loan.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, including (unless the context otherwise requires) any rules or regulations promulgated thereunder, from time to time.

"IRS" means the Internal Revenue Service, or any successor thereto.

"Lender" has the meaning set forth in the recital of parties to this Agreement.

"LIBOR" means the offered rate in the London interbank market for deposits in Dollars as quoted by The Bank of Tokyo Mitsubishi UFJ Ltd. on page 3751 of Telerate.

"Lien" means any mortgage, deed of trust, pledge, security interest, assignment, deposit arrangement in the nature of a security interest, charge or encumbrance, lien or other type of preferential arrangement.

"Loan Documents" means this Agreement, the Collateral Documents, the Guarantor Documents, the Disclosure Letter, the Environmental Indemnity and all other certificates, documents, letter agreements and instruments delivered to the Lender under or in connection with this Agreement.

"Loans" has the meaning set forth in Section 2.01.

"Material Adverse Effect" means any event, matter, condition or circumstance which (i) has or would reasonably be expected to have a material adverse effect on the business, properties, results of operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, or the Guarantor and its Subsidiaries taken as a whole or the Project; (ii) would materially impair the ability of the Borrower, the Guarantor or any other Person to perform or observe its obligations under or in respect of the Loan Documents; or (iii) affects the legality, validity, binding effect or enforceability of any of the Loan Documents or the perfection or priority of any Lien granted to the Lender under any of the Collateral Documents.

"Multiemployer Plan" means a "multiemployer plan" (within the meaning of Section 3(37) of ERISA) to which the Borrower, the Guarantor or any ERISA Affiliate thereof makes, is making, or is obligated or has ever been obligated to make, contributions.

"Net Cash Proceeds" means when used in respect of any debt or equity issuance of the Borrower or any Subsidiary of the Borrower or receipt of proceeds in connection with any Event of Loss suffered by the Borrower or any Subsidiary of the Borrower, the gross proceeds in cash or cash equivalents received by the Borrower or such Subsidiary (including such proceeds subsequently received in respect of noncash consideration initially received and amounts initially placed in escrow that subsequently become available) from such issuance or Event of Loss, less all direct costs and expenses incurred or to be incurred, and all federal, state, local and foreign taxes assessed or to be assessed, in connection therewith.

"Obligations" means the indebtedness, liabilities and other obligations of the Borrower, Subsidiaries of the Borrower and the Guarantor to the Lender under or in connection with the Loan Documents, including all Loans, all interest accrued thereon and all other amounts payable by the Borrower to the Lender thereunder or in connection therewith, whether now or hereafter existing or arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"Organic Documents" means, relative to any Person, its articles or certificate of incorporation, or certificate of limited partnership or formation, its bylaws, partnership or operating agreement or other organizational documents, and all stockholders agreements, voting trusts and similar arrangements applicable to any of its capital stock, partnership interests or other ownership interests.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Pension Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (i) that is or was at any time maintained or sponsored by the Borrower, the Guarantor or any ERISA Affiliate thereof or to which the Borrower, the Guarantor or any ERISA Affiliate thereof has ever made, or was obligated to make, contributions, and (ii) that is or was subject to Section 412 of the Internal Revenue Code, Section 302 of ERISA or Title IV of ERISA.

"Permitted Liens" means: (i) Liens in favor of the Lender; (ii) the existing Liens listed in Schedule 2 or incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by such existing Liens, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced does not increase; (iii) Liens for taxes, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and which are adequately reserved for in accordance with GAAP, provided the same do not have priority over any of the Lender's Liens and no notice of tax lien has been filed of record; (iv) Liens of materialmen, mechanics, warehousemen or carriers or other similar Liens provided for by mandatory provisions of law and securing obligations either not delinquent or being contested in good faith by appropriate proceedings and which do not in the aggregate materially impair the use or value of the property or risk the loss or forfeiture thereof; (v) Liens consisting of pledges of cash deposits to secure the performance of bids, trade contracts, leases, public or statutory obligations, or other obligations of a like nature incurred in the ordinary course of business (other than for Indebtedness); (vi) Liens upon or in any equipment acquired or held by the Borrower or any of its Subsidiaries to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition of such equipment, provided that the Lien is confined solely to the equipment so acquired and improvements thereon, or the proceeds of such equipment; (vii) Liens granted or to be granted by the Borrower, or any Affiliate thereof, in favor of Silver Wheaton Corp., or any Affiliate or assignee thereof, relating to a security interest in the silver contained in and mined, produced or removed from the Project, whether or not such Liens are registered against the Project assets or otherwise, and including any other agreement evidencing the rights of Silver Wheaton Corp., its Affiliates or assignees with respect to such silver; and (viii) other Permitted Exceptions (as defined in the Deeds of Trust).

"Person" means an individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or any other entity of whatever nature or any governmental agency or authority.

"Plan" means (i) an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan which is or was at any time maintained or sponsored by the Borrower, the Guarantor or any Subsidiary thereof or to which the Borrower, any Guarantor or any Subsidiary thereof has ever made, or was obligated to make, contributions, (ii) a Pension Plan, or (iii) a Qualified Plan.

"Pledge Agreement" means the Stock Pledge Agreement, dated as of the Closing Date, between the Guarantor and the Lender.

"Project" means the development, establishment, construction, and operation by the Borrower of the Rosemont Project, an open pit copper, molybdenum and silver mine and processing facilities located in Pima County, Arizona.

"Qualified Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (i) that is or was at any time maintained or sponsored by the Borrower, any Guarantor or any ERISA Affiliate thereof or to which the Borrower, any Guarantor or any ERISA Affiliate thereof has ever made, or was ever obligated to make, contributions, and (ii) that is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code.

"Responsible Officer" means, with respect to any Person, the chief executive officer, the president, the chief financial officer or the treasurer of such Person, or any other senior officer of such Person having substantially the same authority and responsibility.

"Sanrita Properties" means Sanrita Properties, LLC, an Arizona limited liability company, whose sole member is the Borrower.

"Sanrita South" means Sanrita South, LLC, an Arizona limited liability company, whose sole member is the Borrower.

"Security Agreement" means the Security Agreement, dated as of the Closing Date, between the Borrower and the Lender.

"Solvent" means, as to any Person at any time, that (i) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(32) of the Bankruptcy Code; (ii) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (iii) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (iv) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (v) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Subsidiary" means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the voting stock or other equity interest is owned directly or indirectly by any Person or one or more of the other Subsidiaries of such Person or a combination thereof.

"Threshold Amount" means $1,000,000.

"Tranche A Facility" has the meaning set forth in Section 2.01(a).

"Tranche A Commitment" means $27,000,000 or, where the context so requires, the obligation of the Lender to make Loans up to such amount on the terms and conditions set forth in this Agreement.

"Tranche A Disbursement Period" means the period commencing on the Closing Date and ending on June 30, 2009.

"Tranche B Facility" has the meaning set forth in Section 2.01(b).

"Tranche B Commitment" means $13,000,000 or, where the context so requires, the obligation of the Lender to make Loans up to such amount on the terms and conditions set forth in this Agreement.

"Tranche B Disbursement Period" means the period commencing on the Closing Date and ending on September 30, 2008.

"United States" and "U.S." each means the United States of America.

"Vendor" means any supplier of Eligible Equipment any portion of the purchase price of which is paid with the proceeds of Loans made hereunder.

"Vendor Acknowledgment" means a Vendor Acknowledgment in the form set forth in Exhibit A pursuant to which the relevant Vendor has:

(i) given its consent to the collateral assignment of the relevant Equipment Purchase Contract;

(ii) agreed to provide the Lender a copy of all material notices (including any notices of default) delivered to the Borrower by the Vendor under the relevant Equipment Purchase Contract; and

(iii) granted the Lender the option to cure any Borrower defaults under the relevant Equipment Purchase Contract for the Eligible Equipment.

SECTION 1.02 Accounting Terms. Unless otherwise defined or the context otherwise requires, all accounting terms not expressly defined herein shall be construed, and all accounting determinations and computations required under this Agreement or any other Loan Document shall be made, in accordance with GAAP.

SECTION 1.03 Interpretation. In the Loan Documents, except to the extent the context otherwise requires: (i) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (ii) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement or any other Loan Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (iii) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (iv) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" (v) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (vi) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to; (vii) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (viii) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including."

ARTICLE II
THE LOANS

SECTION 2.01 The Loans. The Lender agrees, on the terms and conditions hereinafter set forth, to make loans (the "Loans") to the Borrower comprised of:

(a) Tranche A Loans (the "Tranche A Facility") in an aggregate principal amount up to but not exceeding the Tranche A Commitment available to be drawn by the Borrower from time to time on any Business Day during the Tranche A Disbursement Period; and

(b) Tranche B Loans (the "Tranche B Facility") in an aggregate principal amount up to but not exceeding the Tranche B Commitment available to be drawn by the Borrower from time to time on any Business Day during the Tranche B Disbursement Period.

Any Loans repaid or prepaid may not be reborrowed.

SECTION 2.02 Borrowing Procedure. Each Loan shall be made upon written notice from the Borrower to the Lender, which notice shall be received by the Lender not later than 12:00 noon (New York time) at least five (5) Business Days prior to the proposed borrowing date. Each such notice of borrowing shall be irrevocable and binding on the Borrower and shall specify (a) the proposed date of the borrowing (which shall be a Business Day), (b) the amount of the borrowing (which shall be at least $1,000,000), (c) the purpose, which in any event shall be an Eligible Purpose, and (d) payment instructions with respect to the funds to be made available to the Borrower. No more than two (2) drawings hereunder shall occur within any calendar month. Upon fulfillment of the applicable conditions set forth in Article III, the Lender shall make the Loans available to the Borrower in same day funds, or such other funds as shall separately be agreed upon by the Borrower and the Lender, in accordance with the payment instructions provided to the Lender.

SECTION 2.03 Evidence of Indebtedness. The Loans made by the Lender shall be evidenced by one or more loan accounts maintained by the Lender. The loan accounts maintained by the Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lender to the Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay all amounts owing with respect to the Loans. At the request of the Lender, the Borrower shall execute and deliver for account of the Lender one or more promissory notes as additional evidence of the Indebtedness of the Borrower to the Lender resulting from the Loans made by the Lender.

SECTION 2.04 Interest. Subject to Section 2.05, interest shall accrue on the unpaid principal amount of each Loan from the date of such Loan until the repayment thereof, at a rate per annum equal to Applicable LIBOR (as in effect from time to time) plus 1.50% per annum. The accrued interest on each Loan as of the end of each Interest Period shall be capitalized into the principal of such Loan on such day and shall be payable on the Final Maturity Date.

SECTION 2.05 Default Rate of Interest. In the event that any amount of principal of or interest on any Loan, or any other amount payable hereunder or under the Loan Documents, is not paid in full when due (whether at stated maturity, by acceleration or otherwise), the Borrower shall pay interest on such unpaid principal, interest or other amount, from the date such amount becomes due until the date such amount is paid in full, payable on demand, at a rate per annum equal at all times to the rate otherwise applicable thereto plus 4.00% per annum. Additionally, and without limiting the foregoing, during the existence of any Event of Default, the Borrower shall pay interest on the unpaid principal amount of all Loans, at a rate per annum equal at all times to the rate otherwise applicable hereunder plus 4.00% per annum. Payment of any such interest at the rate described above shall not constitute a waiver of any Event of Default and shall be without prejudice to the right of the Lender to exercise any of its rights and remedies under the Loan Documents.

SECTION 2.06 Computations. All computations of interest hereunder shall be made on the basis of a year of 360 days for the actual number of days occurring in the period for which any such interest is payable.

SECTION 2.07 Highest Lawful Rate. The Borrower agrees to pay an effective rate of interest equal to the sum of (i) the interest otherwise payable pursuant to Sections 2.04 and 2.05 of this Agreement, plus (ii) the additional interest, if any, which may be deemed to result from any charge or fee in the nature of interest from time to time to be paid by the Borrower pursuant to the terms of this Agreement, any other Loan Document or other document executed and delivered in connection herewith. The total liability of the Borrower for the payment of such interest shall not exceed the applicable limit imposed by the usury laws of any applicable jurisdiction. If Lender receives interest in an amount which exceeds such limit, such excess amount shall be applied instead to the reduction of the unpaid principal balance and not to the payment of interest, or at Lender's election the surplus shall be remitted to the Borrower by the Lender, and the Borrower hereby agrees to accept such remittance.

SECTION 2.08 Termination of the Commitments. Subject to Section 6.02, the Tranche A Commitment shall terminate in full on the last day of the Tranche A Disbursement Period, and the Tranche B Commitment shall terminate in full on the last day of the Tranche B Disbursement Period.

SECTION 2.09 Repayment of the Loans. The Borrower shall repay to the Lender in full the aggregate principal amount of all Loans outstanding on the Final Maturity Date. When this Agreement has been terminated and all of the Obligations have been paid in full and the Lender's obligations to provide additional credit under the Loan Documents have been terminated irrevocably, the Lender will, at the Borrower's sole expense, execute and deliver any termination statements, lien releases, mortgage or deed of trust releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Lender's Liens and all notices of security interests and liens previously filed by the Lender with respect to the Obligations.

SECTION 2.10 Prepayments of the Loans.

(a) Optional Prepayments. The Borrower may, upon prior notice to the Lender not later than five (5) Business Days prior to the proposed prepayment date, prepay the outstanding amount of the Loans in whole or in part, without premium or penalty; provided that any prepayment shall be in a principal amount of at least $100,000.

(b) Mandatory Prepayments.

(i) Upon any Change of Control with respect to the Guarantor, the Borrower shall, within thirty (30) calendar days prepay the Loans.

(ii) If, at any time prior to the Final Maturity Date, the Guarantor shall cease to own, directly or indirectly, the record and beneficial ownership of all of the issued and outstanding shares of capital stock and other equity or voting interests in the Borrower (with the exception of equity issued to the Lender), the Borrower shall, within thirty (30) calendar days prepay the Loans.

(iii) Upon the closing of any Additional Funding, the Borrower shall, forthwith upon the funds being available to the Borrower but in any event within thirty (30) days after the closing of the Additional Funding, prepay the Loans.

(iv) If any Event of Loss shall occur with respect to any of the Collateral as defined in the Security Agreement, the Borrower shall prepay the Loans in an amount equal to the Net Cash Proceeds therefrom; provided, however, that, such prepayment shall not be required if such amount is less than $100,000.

(c) Notice; Application. The notice given of any prepayment shall specify the date and amount of the prepayment. If the notice of prepayment is given, the Borrower shall make such prepayment and the prepayment amount specified in such notice shall be due and payable on the date specified therein, with accrued interest to such date on the amount prepaid.

SECTION 2.11 Payments.

(a) Payments. The Borrower shall make each payment under the Loan Documents, unconditionally in full without set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings, and all liabilities with respect thereto. Each payment shall be made not later than 12:00 noon (New York time) on the day when due to the Lender in Dollars and in same day funds, or such other funds as shall be separately agreed upon by the Borrower and the Lender, in accordance with the Lender's payment instructions.

(b) Extension. Whenever any payment hereunder shall be stated to be due, or whenever any interest payment date or any other date specified hereunder would otherwise occur, on a day other than a Business Day, then, except as otherwise provided herein, such payment shall be made, and such interest payment date or other date shall occur, on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest hereunder.

(c) Application. After the exercise of remedies provided for in Section 6.02 (or after the Loans have automatically become immediately due and payable as set forth in Section 6.02), each payment by or on behalf of the Borrower hereunder shall, unless a specific determination is made by the Lender with respect thereto, be applied (i) first, to any costs, expenses and other amounts (other than principal and interest) due the Lender; (ii) second, to accrued and unpaid interest due the Lender; and (iii) third, to principal due the Lender.

(d) Certain Costs. In the event any payment of principal is made other than on the Final Maturity Date, and as a result the Lender incurs any costs or expenses (whether in connection with the repayment by it of corresponding amounts to its own funding source or otherwise), then the Borrower shall, upon demand, pay the amount of such costs and expenses to the Lender.

SECTION 2.12 Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default the Lender hereby is authorized at any time and from time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set off and apply any obligations or indebtedness at any time owing by the Lender to the Borrower against any and all of the Obligations of the Borrower now or hereafter existing, irrespective of whether or not the Lender shall have made any demand under this Agreement or any such other Loan Document and although such Obligations may be unmatured. The Lender agrees promptly to notify the Borrower after any such set-off and application made by the Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Lender under this Section 2.12 are in addition to other rights and remedies (including other rights of set-off) which the Lender may have.

ARTICLE III
CONDITIONS PRECEDENT

SECTION 3.01 Conditions Precedent to the Initial Loan. The obligation of the Lender to make its initial Loan on the date of the initial borrowing hereunder shall be subject to the satisfaction of each of the following conditions precedent before or concurrently with the initial Loan:

(a) Loan Documents. The Lender shall have received executed counterparts of this Agreement and the other Loan Documents, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Officer (or his or her authorized designee), each dated the Closing Date and each in form and substance satisfactory to the Lender and its legal counsel.

(b) Documents and Actions Relating to Collateral. The Lender shall have received, in form and substance satisfactory to it, results of such Lien searches as it shall reasonably request, and evidence that all filings, registrations and recordings have been made in the appropriate governmental offices, and all other action has been taken, which shall be necessary to create, in favor of the Lender, a perfected first priority Lien on the Collateral.

(c) Additional Closing Documents. The Lender shall have received the following, in form and substance satisfactory to it: (i) a copy of the Disclosure Letter; (ii) evidence that all (A) authorizations or approvals of any governmental agency or authority, and (B) approvals or consents of any other Person, required in connection with the execution, delivery and performance of the Loan Documents shall have been obtained; (iii) a certificate of the Secretary or other appropriate officer of the Borrower, dated the Closing Date, certifying (A) copies of the Organic Documents of the Borrower and the resolutions and other actions taken or adopted by the Borrower authorizing the execution, delivery and performance of the Loan Documents, and (B) the incumbency, authority and signatures of each officer of the Borrower authorized to execute and deliver the Loan Documents and act with respect thereto; (iv) a certificate of the Secretary or other appropriate officer of the Guarantor, dated the Closing Date, certifying (A) copies of the Organic Documents of the Guarantor and the resolutions and other actions taken or adopted by the Guarantor authorizing the execution, delivery and performance of its Guarantor Documents, and (B) the incumbency, authority and signatures of each officer of the Guarantor authorized to execute and deliver its Guarantor Documents and act with respect thereto; (iv) good standing certificates dated as of the Closing Date for each of the Borrower, the Guarantor and the Subsidiaries issued by the jurisdiction where it was organized; and (v) a certificate issued by the Secretary of State of the State of Colorado dated as of the Closing Date the Borrower certifying that such entity is qualified to do business as a foreign corporation in the State of Colorado.

(d) Legal Opinions. The Lender shall have received an opinion of U.S. legal counsel to the Borrower and Canadian counsel to the Guarantor covering the matters set forth on Exhibit B hereto, each in form and substance satisfactory to the Lender.

(e) Title Insurance and other Real Estate Documents. The Deeds of Trust shall have been recorded in the Official Records of Pima County, Arizona, and Lawyers Title Insurance Company shall have issued or irrevocably committed in writing to issue to Lender, a 2006 ALTA Loan Policy of Title Insurance pursuant to the Title Commitment of Lawyer's Title Insurance Company, File No. 06160244, dated effective as of May 20, 2008 at 7:30 AM, amended on June 5, 2008 No. 1, in an insured amount of $20,000,000, with coverage and in form satisfactory to the Lender, insuring the Lender's interest under the Deeds of Trust as a valid first priority lien upon the property described in the Deeds of Trust and containing only such exceptions from its coverage as shall have been approved in writing by the Lender, together with such endorsements thereto as the Lender may require.

SECTION 3.02 Conditions Precedent to All Loans. The obligation of the Lender to make each Loan shall be subject to the satisfaction of each of the following conditions precedent:

(a) Notice. The Borrower shall have given its notice of borrowing as provided in Section 2.02.

(b) Equipment Purchase Contract and Invoice. In the case of a Tranche A Facility disbursement, the Borrower shall have delivered to the Lender (i) a copy of the relevant Equipment Purchase Contract (payment under which is to be made with proceeds of the Loan) and (ii) a copy of the relevant invoice from the Vendor, both of which shall be in form and substance acceptable to the Lender.

(c) Consents. In the case of a Tranche A Facility disbursement, the Vendor shall have signed a Vendor Acknowledgment and the Borrower shall have delivered the same to the Lender; provided that the Lender agrees to consider in good faith any reasonable changes to the Vendor Acknowledgment requested by Vendor that may be consistent with any prior Vendor Acknowledgement obtained from other Vendors.

(d) Certain Vehicles. In the event the proceeds of any Loan will be used to purchase any motor vehicle, truck, mobile home, or other vehicle that is required to be or is or will be titled and registered under applicable law, then the Borrower shall have granted to the Lender a perfected first-priority security interest therein by naming the Lender as a lienholder on the vehicle title certificate.

(e) Material Adverse Effect. On and as of the date of such Loan, there shall have occurred no Material Adverse Effect since the date of this Agreement.

(f) Representations and Warranties; No Default. On the date of such Loan, both before and after giving effect thereto and to the application of proceeds therefrom: (i) the representations and warranties contained in Section 4.01 and in the other Loan Documents shall be true, correct and complete on and as of the date of such Loan as though made on and as of such date; and (ii) no Default or Event of Default shall have occurred and be continuing or shall result from the making of such Loan. For purposes of this Section 3.02(e), clause (i) shall take into account any amendments to the Schedules and other disclosures made in writing by the Borrower and the Guarantor to the Lender after the Closing Date and approved in writing by the Lender. The giving of any notice of borrowing and the acceptance by the Borrower of the proceeds of each Loan made on or following the Closing Date shall each be deemed a certification to the Lender that on and as of the date of such Loan such statements are true.

(g) ASARCO Litigation. None of the following shall have occurred:

(i) The issuance of any preliminary or temporary injunction arising out of the ASARCO Fraudulent Conveyance Litigation that could reasonably prevent or impair the development, construction or operation of the Project; or

(ii) the grant of any partial summary judgment in favor of ASARCO on any element of the cause of action alleged in the ASARCO Fraudulent Conveyance Litigation or any defense asserted by the Guarantor; or

(iii) a decision or judgment adverse to the Borrower has occurred in the ASARCO Litigation.

(h) Additional Documents. The Lender shall have received, in form and substance satisfactory to it, such additional approvals, opinions, documents and other information as the Lender may reasonably request.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrower. The Borrower represents and warrants to the Lender that, except as set forth in the Disclosure Letter:

(a) Organization and Powers. The Borrower is duly organized or formed, as the case may be, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, and has all requisite power and authority to execute, deliver and perform its obligations under the Loan Documents. Each of the Borrower and its Subsidiaries is qualified to do business and is in good standing in each jurisdiction in which the failure so to qualify or be in good standing would result in a Material Adverse Effect and has all requisite power and authority to own its assets and carry on its business.

(b) Authorization; No Conflict. The execution, delivery and performance by the Borrower of the Loan Documents have been duly authorized by all necessary action of the Borrower and do not and will not (i) contravene the terms of the Organic Documents of the Borrower, or result in a breach of or constitute a default under any material lease, instrument, contract or other agreement to which the Borrower is a party or by which it or its properties may be bound or affected; (ii) violate any provision of any law, rule, regulation, order, judgment, decree or the like binding on or affecting the Borrower; or (iii) except as contemplated by this Agreement, result in, or require, the creation or imposition of any Lien upon or with respect to any of the properties, assets or revenues of the Borrower.

(c) Binding Obligation. The Loan Documents constitute, or when delivered under this Agreement will constitute, legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

(d) Consents. No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental agency or authority, or approval or consent of any other Person, is required for the due execution, delivery or performance by the Borrower of any of the Loan Documents, except for recordings or filings in connection with the perfection of the Liens on the Collateral in favor of the Lender.

(e) No Defaults. Neither the Borrower nor any of its Subsidiaries is in default under any material contract, lease, agreement, judgment, decree or order to which it is a party or by which it or its properties may be bound. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

(f) Litigation. Except as specified in the Disclosure Letter, there are no actions, suits or proceedings pending or, to the best of the Borrower's knowledge, threatened against or affecting the Borrower or any of its Subsidiaries or the properties of the Borrower or any of its Subsidiaries before any governmental agency or authority or arbitrator.

(g) Financial Statements; Projections. All consolidated financial statements of the Guarantor and its Subsidiaries (including the Borrower) delivered to the Lender are complete and correct and fairly present the financial condition of the Guarantor and its Subsidiaries as at the times and for the periods covered by such statements, in each case in accordance with GAAP, subject, in the case of any unaudited financial statements, to normal year-end adjustments and any absence of notes. Since the most recent date of such financial statements, there has been no Material Adverse Effect. All financial projections and forecasts delivered to the Lender represent the Borrower's best estimates and assumptions as to future performance, which the Borrower believes to be fair and reasonable as of the time made in the light of current and reasonably foreseeable business conditions.

(h) Liabilities. Neither the Guarantor nor any of its Subsidiaries (including the Borrower) has any material liabilities, fixed or contingent, that are not reflected in the consolidated financial statements referred to in subsection (g), in the notes thereto or otherwise disclosed in writing to the Lender, other than liabilities arising in the ordinary course of business since the date of such financial statements.

(i) Taxes. Each of the Borrower and its Subsidiaries has duly filed all tax and information returns required to be filed, and has paid all taxes, fees, assessments and other governmental charges or levies that have become due and payable, except to the extent such taxes or other charges are being contested in good faith and are adequately reserved against in accordance with GAAP.

(j) Permits and Other Rights. Each of the Borrower and its Subsidiaries possesses all material permits, franchises, licenses, patents, trademarks, trade names, service marks, copyrights and all rights with respect thereto, free from burdensome restrictions, that are necessary for the operation of its business as it exists on the date hereof and neither the Borrower nor any such Subsidiary is in material violation of any rights of others with respect to the foregoing.

(k) Insurance. The properties of the Borrower and its Subsidiaries are insured, with financially sound and reputable insurance companies (not Affiliates of the Borrower), in such amounts, with such deductibles and covering such risks as is customarily carried by companies engaged in similar businesses and owning similar properties in the localities where the Borrower or such Subsidiary operates.

(l) Title to Properties; Liens. The Borrower and its Subsidiaries have good and marketable title to, or valid and subsisting leasehold interests in, their properties and assets, including all property forming a part of the Collateral, and there is no Lien upon or with respect to any of such properties or assets, including any of the Collateral, except for Permitted Liens.

(m) Ownership of Project Assets. The Borrower and its Subsidiaries own and have good and marketable title to all of the material real estate assets necessary for the development and operation of the Project.

(n) Compliance With Laws. Each of the Borrower and its Subsidiaries is in compliance with all other material laws, rules, regulations, orders and decrees which are applicable to it or its properties, except to the extent such failure could not reasonably be expected to result in a Material Adverse Effect. Without limiting the generality of the foregoing, each of the Borrower and its Subsidiaries is in material compliance with all applicable Environmental Laws, and there are no actions, suits, claims, notices of violation, hearings, investigations or proceedings pending or, to the best of the Borrower's knowledge, threatened against or affecting the Borrower or any of its Subsidiaries with respect to the ownership, use, maintenance and operation of the Borrower's and its Subsidiary's properties, relating to any applicable Environmental Laws, where any adverse determination with respect thereto or liability imposed therein could reasonably be expected to result in a Material Adverse Effect.

(o) ERISA. The Borrower and its ERISA Affiliates are in compliance in all material respects with all applicable provisions and requirements of ERISA with respect to each Plan, and have performed all their obligations under each Plan; and no ERISA Event has occurred or is reasonably expected to occur.

(p) Subsidiaries. The Borrower's only three (3) Subsidiaries are Dawson Properties, Sanrita Properties and Sanrita South, each of which is wholly-owned by the Borrower and the Borrower has no other equity interest in any Person. The sole business of Dawson Properties and Sanrita Properties consists of the ownership of the real property described in the Deeds of Trust to which each is a party. Sanrita South does not own any real or personal property as of the date of this Agreement. The Subsidiaries have no employees.

(q) Solvency. Each of the Borrower and its Subsidiaries is Solvent.

(r) Disclosure. None of the representations or warranties made by the Borrower in the Loan Documents (including the Disclosure Letter) as of the date of such representations and warranties, and none of the statements contained in any other information with respect to the Borrower and its Subsidiaries, including each exhibit or report, furnished by or on behalf of the Borrower to the Lender in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

ARTICLE V
COVENANTS

SECTION 5.01 Reporting Covenants. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Borrower agrees that:

(a) Financial Statements and Other Reports. The Borrower shall furnish to the Lender: (i) (A) as soon as available but no later than 30 days after the end of each month, monthly unaudited financial statements, certified by a Responsible Officer of the Borrower as being complete and correct and fairly presenting the Borrower's financial condition and the results of the Borrower's operations in all material respects, and (B) as soon as available but no later than 30 days after the end of each fiscal quarter, quarterly unaudited financial statements, certified by a Responsible Officer of the Borrower as being complete and correct and fairly presenting the Borrower's financial condition and the results of the Borrower's operations in all material respects; and (ii) simultaneously with the delivery of each set of monthly financial statements referred to in clause (i), a certificate of a Responsible Officer of the Borrower in form and substance satisfactory to the Lender stating whether any Default or Event of Default exists on the date of such certificate, and if so, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto.

(b) Additional Information. The Borrower shall furnish to the Lender: (i) promptly after the Borrower has knowledge or becomes aware thereof, notice of the occurrence of any Default or Event of Default; (ii) prompt written notice of all actions, suits and proceedings before any governmental agency or authority or arbitrator pending, or to the best of the Borrower's knowledge, threatened against or affecting the Borrower, any of its Subsidiaries or the Project, including any actions, suits, claims, notices of violation, hearings, investigations or proceedings pending, or to the best of the Borrower's knowledge, threatened against or affecting the Borrower or any of its Subsidiaries, or with respect to the ownership, use, maintenance and operation of their respective properties, relating to Environmental Laws, which (A) involve an aggregate liability equal to the Threshold Amount or more, or (B) otherwise may have a Material Adverse Effect; (iii) prompt written notice of any ERISA Event affecting the Borrower or any ERISA Affiliate (but in no event more than ten (10) days after such event), together with a copy of any notice with respect to such event that may be required to be filed with a governmental agency or authority and any notice delivered by a governmental agency or authority to the Borrower or any ERISA Affiliate with respect to such event; (iv) prompt written notice of any other condition or event which has resulted, or that could reasonably be expected to result, in a Material Adverse Effect; (v) promptly after the same are released, copies of all press releases; and (vi) such other statements, lists of property and accounts, budgets, forecasts, projections, reports, or other information respecting the operations, properties, business or condition (financial or otherwise) of the Borrower or its Subsidiaries (including with respect to the Collateral) as the Lender may from time to time reasonably request. Each notice pursuant to clauses (i) through (iv) of this subsection (b) shall be accompanied by a written statement by a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein.

SECTION 5.02 Affirmative Covenants. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Borrower agrees that:

(a) Preservation of Existence, Etc. The Borrower shall , and shall cause each of its Subsidiaries to, maintain and preserve its legal existence, its rights to transact business and all other rights, franchises and privileges necessary or desirable in the normal course of its business and operations and the ownership of its properties.

(b) Payment of Taxes, Etc. The Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge (i) all taxes, fees, assessments and governmental charges or levies imposed upon it or upon its properties or assets prior to the date on which penalties attach thereto, and all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any properties or assets of the Borrower or any Subsidiary, except to the extent such taxes, fees, assessments or governmental charges or levies, or such claims, are being contested in good faith by appropriate proceedings and are adequately reserved against in accordance with GAAP; (ii) all lawful claims which, if unpaid, would by law become a Lien upon its property not constituting a Permitted Lien; and (iii) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

(c) Maintenance of Insurance. The Borrower shall, and shall cause each of its Subsidiaries to, carry and maintain in full force and effect, at its own expense and with financially sound and reputable insurance companies (not Affiliates of the Borrower), insurance in such amounts, with such deductibles and covering such risks as is customarily carried by companies engaged in the same or similar businesses and owning similar properties in the localities where the Borrower or such Subsidiary operates.

(d) Keeping of Records and Books of Account. The Borrower shall, and shall cause each of its Subsidiaries to, keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all financial transactions of the Borrower and its Subsidiaries.

(e) Inspection Rights. The Borrower shall at any reasonable time and from time to time (but no more often than once in any four (4) week period, except if an Event of Default has occurred and is continuing) permit the Lender or any of its agents or representatives (i) to visit and inspect the Project and any other of the properties of the Borrower and any of its Subsidiaries and to examine the records and books of account of the Borrower and any of its Subsidiaries, and to discuss the business affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of the officers, employees or accountants of the Borrower or such Subsidiary, (ii) to conduct periodic audits of the Collateral at such frequencies as the Lender shall deem appropriate, and (iii) to conduct audits of the records and books of account of the Borrower and any Subsidiary to ensure that Loan proceeds are only used for Eligible Purposes, provided that in each case, during such visit, inspection or audit, the Lender shall take reasonable steps to ensure that the Borrower's business is uninterrupted.

(f) Compliance with Laws, Etc. The Borrower shall, and shall cause each of its Subsidiaries to, comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental agency or authority, including all Environmental Laws and ERISA, and the terms of any indenture, contract or other instrument to which it may be a party or under which it or its properties may be bound. Without limiting the generality of the foregoing, the Borrower shall, and shall cause each of its ERISA Affiliates to: (i) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code or other Federal or state law; (ii) cause each Qualified Plan to maintain its qualified status under Section 401(a) of the Internal Revenue Code; (iii) make all required contributions to any Plan; (iv) not become a party to any Multiemployer Plan; (v) ensure that all liabilities under each Plan are either (A) funded to at least the minimum level required by law or, if higher, to the level required by the terms governing such Plan; (B) insured with a reputable insurance company; or (C) provided for or recognized in the financial statements most recently delivered to the Lender pursuant hereto; and (vi) ensure that the contributions or premium payments to or in respect of each Plan are and continue to be promptly paid at no less than the rates required under the rules of such Plan and in accordance with the most recent actuarial advice received in relation to such Plan and applicable law.

(g) Maintenance of Properties, Etc. The Borrower shall , and shall cause each of its Subsidiaries to, maintain and preserve all of its properties necessary or useful in the proper conduct of its business in good working order and condition in accordance with the general practice of other Persons of similar character and size, ordinary wear and tear excepted.

(h) Licenses. The Borrower shall , and shall cause each of its Subsidiaries to, obtain and maintain all licenses, authorizations, consents, filings, exemptions, registrations and other governmental approvals of any governmental agency or authority necessary in connection with the execution, delivery and performance of the Loan Documents, the consummation of the transactions therein contemplated or the operation and conduct of its business and ownership of its properties.

(i) Use of Proceeds. The Borrower shall use the proceeds of the Loans solely for Eligible Purposes, and in no event shall any proceeds be used to pay expenses or obligations related to the ASARCO Fraudulent Conveyance Litigation. No part of such proceeds shall be used for "purchasing" or "carrying" any "margin stock", or for any purpose which violates, or which would be inconsistent with, the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(j) Additional Subsidiaries. The Borrower shall not incorporate, create or acquire any Subsidiary or any equity interest in any other Person unless (i) such Subsidiary is wholly-owned by the Borrower and the Borrower shall grant to the Lender a first priority, perfected security interest in all the equity interests of such Subsidiary, (ii) such Subsidiary shall only own assets related to the Project, (iii) such Subsidiary shall have no Indebtedness other than (A) purchase money Indebtedness related to its assets, and (B) Indebtedness under the Loan Documents, and (iv) such Subsidiary shall execute a deed of trust and security agreement in favor of the Lender in form and substance acceptable to the Lender covering all real and personal property owned or to be acquired by such Subsidiary.

(k) Equipment Purchase Contracts; Payments for Eligible Equipment. Within 30 calendar days of each loan disbursement under the Tranche A Facility, the Borrower shall provide evidence of payment of the full amount of the proceeds of such disbursement to the relevant Vendor for the Eligible Equipment. The Borrower shall comply with all material obligations under each Equipment Purchase Contract.

(l) Additional Collateral. The Borrower shall, and shall cause each of its Subsidiaries to, grant to the Lender a deed of trust lien on any real estate acquired by the Borrower or such Subsidiary after the date hereof or otherwise which is not subject to a deed of trust lien in favor of the Lender, and execute an environmental indemnity substantially in the form of the Environmental Indemnity in favor of the Lender with respect to such real estate. Each such deed of trust executed by the Borrower or such Subsidiary shall be in substantially the same form as the Deeds of Trust delivered to the Lender on or about the date hereof.

(m) Post Closing Matters. The Borrower hereby agrees that it shall deliver or cause to be delivered to the Lender each of the following: (i) a survey or updated survey of the real property subject to the Deeds of Trust to be delivered within sixty (60) days after the date hereof; (ii) account control agreements for each deposit account and securities account now held by the Borrower or its Subsidiaries to be delivered within thirty (30) days after the date hereof; (iii) certificates as to tax status for the Borrower and its Subsidiaries in form and substance acceptable to the Lender from the State of Arizona to be delivered within thirty (30) days after the date hereof; and (iv) evidence of liability insurance reasonable acceptable to the Lender, naming the lender as additional insured and otherwise in compliance with the terms of Sections 4.01(k) and 5.02(c) hereof to be delivered within thirty (30) days after the date hereof.

(n) Further Assurances and Additional Acts. The Borrower shall execute, acknowledge, deliver, file, notarize and register at its own expense all such further agreements, instruments, certificates, documents and assurances and perform such acts as the Lender shall deem necessary or appropriate to effectuate the purposes of the Loan Documents, and promptly provide the Lender with evidence of the foregoing satisfactory in form and substance to the Lender.

SECTION 5.03 Negative Covenants. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Borrower agrees that:

(a) Liens; Negative Pledges. (i) The Borrower shall not, and shall not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any of its properties, revenues or assets (including, without limitation, the Excluded Assets), whether now owned or hereafter acquired, other than Permitted Liens. (ii) The Borrower shall not, and shall not permit each of its Subsidiaries to, enter into any agreement prohibiting the creation or assumption of any Lien upon any of its properties, revenues or assets, whether now owned or hereafter acquired.

(b) Change in Nature of Business. The Borrower shall not engage in any business other than the development, construction and operation of the Project. The Borrower shall not permit any of its Subsidiaries to engage in any business other than the ownership of the real property it owns as of the Closing Date.

(c) Restrictions on Fundamental Changes. The Borrower shall not, and shall not permit any of its Subsidiaries to (i) merge with or consolidate into, or acquire all or substantially all of the assets of, any Person other than a merger between the Borrower or a Subsidiary of the Borrower with another Subsidiary of the Borrower, or (ii) form any new Subsidiaries, except as permitted in Section 5.02(j).

(d) Sales of Assets. The Borrower shall not, and shall not permit any of its Subsidiaries to, sell, lease, transfer, or otherwise dispose of, or part with control of (whether in one transaction or a series of transactions) any assets (including any shares of stock in any Subsidiary or other Person), except sales or other dispositions of assets which have become worn out in the ordinary course of business.

(e) Distributions. The Borrower shall not declare or pay any dividends in respect of the Borrower's capital stock, or purchase, redeem, retire or otherwise acquire for value any of its capital stock now or hereafter outstanding, return any capital to its shareholders as such, or make any distribution of assets to its shareholders as such. The Borrower shall not issue any additional stock, except with respect to the Lender. The Borrower shall not permit any Subsidiary of the Borrower to grant or otherwise agree to or suffer to exist any consensual restrictions on the ability of such Subsidiary to pay dividends and make other distributions to the Borrower, or to pay any Indebtedness owed to the Borrower or transfer properties and assets to the Borrower.

(f) Loans and Investments. Except as otherwise permitted under Section 5.02(j), the Borrower shall not, and shall not permit any of its Subsidiaries to, purchase or otherwise acquire the capital stock or other equity interests, assets (constituting a business unit), obligations or other securities of or any interest in any Person, or otherwise extend any credit to, guarantee the obligations of or make any additional investments in any Person, other than in connection with short term, investment grade money market instruments, in accordance with the Borrower's usual and customary treasury management policies.

(g) Transactions with Related Parties. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction with any Affiliate which is on terms less favorable to the Borrower or any such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person.

(h) Amendments of Organic Documents. The Borrower shall not agree to or permit any amendment, modification or waiver of any Organic Documents that would be inconsistent with the terms of any of the Loan Documents.

(i) Amendments of Equipment Purchase Contracts. The Borrower shall not amend or modify any Equipment Purchase Contract in any way that would materially impair the rights of the Lender or that would affect the validity, perfection or priority of the Lender's security interest therein.

(j) ERISA. The Borrower shall not, and shall not permit any of its ERISA Affiliates to: (i) permit to exist any ERISA Event, or any other event or condition, which presents the risk of a material liability to any ERISA Affiliate, (ii) enter into any new Plan or modify any existing Plan so as to increase its obligations thereunder which could result in any material liability to any ERISA Affiliate, or (iii) engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by the Lender of any of its rights under this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code.

(k) Indebtedness. The Borrower shall not, and shall not permit any of its Subsidiaries to, incur any additional Indebtedness in excess of $1,000,000 in the aggregate in any calendar year, except (i) for unsecured debt, (ii) used only for the development of the Project, and (iii) following 7 days prior written notice of the incurrence of such Indebtedness to the Lender.

(l) ASARCO Fraudulent Conveyance Litigation Costs. The Borrower shall not, and shall not permit any of its Subsidiaries to, pay any amounts due to ASARCO or otherwise arising out of or related to the ASARCO Fraudulent Conveyance Litigation.

SECTION 5.04 Lender's Covenant of Regarding Silver Wheaton. The Lender acknowledges that the Borrower has granted or will grant certain rights to Silver Wheaton Corp. in and to silver contained in and as mined, produced or extracted from the Project (the "Silver") and, in connection with such rights, may grant a Lien on the Silver located in certain of the Borrower's and its Subsidiaries' real property. At the Borrower's written request, the Lender shall execute and deliver any documents or agreements as necessary or advisable to confirm the priority of any such Liens on the Silver over the Liens granted to Lender under any Collateral Document.

ARTICLE VI
EVENTS OF DEFAULT

SECTION 6.01 Events of Default. Any of the following events which shall occur shall constitute an "Event of Default":

(a) Payments. The Borrower shall fail to pay when due or in the appropriate currency any amount of principal of, or interest on, any Loan or any other amount payable under any of the Loan Documents.

(b) Representations and Warranties. Any representation or warranty by the Borrower or Guarantor under or in connection with the Loan Documents shall prove to have been incorrect in any material respect when made or deemed made.

(c) Failure by Borrower to Perform Certain Covenants. The Borrower shall fail to perform or observe any term, covenant or agreement contained in Subsections (a) or (i) of Section 5.02 or Section 5.03.

(d) Failure by Borrower to Perform Other Covenants. The Borrower shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed and any such failure shall remain unremedied for a period of 15 days from the occurrence thereof (unless the Lender determines that such failure is not capable of remedy).

(e) Insolvency; Voluntary Proceedings. The Borrower, or the Guarantor (i) ceases or fails to be Solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing.

(f) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Borrower or the Guarantor, or any Subsidiary thereof, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of such Person's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Borrower, the Guarantor or any Subsidiary thereof admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Borrower, the Guarantor or any Subsidiary thereof acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business.

(g) Dissolution, Etc. The Borrower, or the Guarantor shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) suspend its operations other than in the ordinary course of business, or (iii) take any action to authorize any of the actions or events set forth above in this subsection (g).

(h) Default Under Other Indebtedness; Other Agreements with the Lender. (i) The Borrower, the Guarantor or any of their respective Subsidiaries shall fail (A) to make any payment of any principal of, or interest or premium on, any Indebtedness (other than in respect of the Loans) having an aggregate principal amount of more than the Threshold Amount (or its equivalent in another currency) when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable notice or grace period, if any, specified in the agreement or instrument relating to such Indebtedness as of the date of such failure; or (B) to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Indebtedness, when required to be performed or observed, or any other event shall occur or condition shall exist under any such agreement or instrument, and such failure, event or condition shall continue after the applicable, notice or grace period, if any, specified in such agreement or instrument, if the effect of such failure, event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or (ii) any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or (iii) any facility or commitment available to the Borrower or any Subsidiary relating to Indebtedness in an aggregate amount at any one time of not less than the Threshold Amount (or its equivalent in any other currency) is withdrawn, suspended or cancelled by reason of any default (however described) of the Borrower or such Subsidiary; or (iv) the Borrower, the Guarantor, or any of their respective Subsidiaries shall fail to comply with the terms of any contract or agreement with the Lender or its Affiliates (other than this Agreement or any of the other Loan Documents).

(i) Judgments. (i) A final judgment or order for the payment of money in excess of the Threshold Amount (or its equivalent in another currency) which is not fully covered by third-party insurance shall be rendered against the Borrower, the Guarantor or any of their respective Subsidiaries (or its equivalent in another currency); or (ii) any non-monetary judgment or order shall be rendered against the Borrower, the Guarantor or any such Subsidiary which has or would reasonably be expected to have a Material Adverse Effect; and in each case there shall be any period of 30 consecutive days during which such judgment continues unsatisfied or during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(j) Material Adverse Change. A material adverse change in the business, results of operations or condition (financial or otherwise) of the Guarantor, or the Borrower, shall have occurred which gives grounds to conclude, in the reasonable judgment of the Lender, that the Borrower may not, or will be unable to, perform or observe in the normal course its obligations under the Loan Documents, or the Guarantor may not, or will be unable to, perform or observe in the normal course its obligations under its Guaranty and its other Guarantor Documents.

(k) Failure by Guarantor to Perform Covenants; Invalidity of Guaranty. The Guarantor shall fail to perform or observe any term, covenant or agreement contained in its Guaranty on its part to be performed or observed, or any default shall occur under the Guaranty, and any such failure or default shall continue after the applicable grace period, if any, specified therein (unless the Lender determines that such failure is not capable of remedy); or the Guaranty or any other Guarantor Document shall for any reason be revoked or invalidated, or otherwise cease to be in full force and effect, or the Guarantor or any other Person shall contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder.

(l) Collateral Documents. The Borrower or any other Person shall fail to perform or observe any term, covenant or agreement contained in the Collateral Documents on its part to be performed or observed and any such failure shall remain unremedied beyond the grace period, if any, specified therein (unless the Lender determines that such failure is not capable of remedy); or any of the Collateral Documents after delivery thereof shall for any reason be revoked or invalidated, or otherwise cease to be in full force and effect, or the Borrower or any other Person shall contest in any manner the validity or enforceability thereof, or the Borrower or any other Person shall deny that it has any further liability or obligation thereunder; or any of the Collateral Documents for any reason, except to the extent permitted by the terms thereof, shall cease to create a valid and perfected first priority Lien subject only to Permitted Liens in any of the Collateral purported to be covered thereby.

(m) Consents, Etc. Any law, decree, license, permit, consent, authorization, registration or approval now or hereafter necessary to enable the Borrower develop the Project or to comply with its obligations incurred in the Loan Documents shall be revoked, withdrawn or withheld or shall cease to remain in full force and effect.

(n) ERISA. There shall occur one or more ERISA Events which individually or in the aggregate results in or otherwise is associated with liability of the Borrower, the

Guarantor or any ERISA Affiliate thereof in excess of the Threshold Amount during the term of this Agreement; or there exists an amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA), individually or in the aggregate for all Pension Plans (excluding for purposes of such computation any Pension Plans with respect to which assets exceed benefit liabilities) which exceeds the Threshold Amount.

(o) ASARCO Litigation. Any of the following occur:

(i) A final decision or judgment adverse to the Borrower or the Guarantor in the ASARCO Fraudulent Conveyance Litigation; provided that, notwithstanding the foregoing, an Event of Default described in this sub-Section (o)(i) shall not result from (x) any decision or judgment which involves the payment by the Borrower, or any Subsidiary of the Borrower of $10,000,000 or less without any other obligation or commitment of the Borrower or any Subsidiary of the Borrower; or (y) any decision or judgment which could not prevent or impair the development, construction or operation of the Project (except that if any such decision or judgment requires the Borrower or any Subsidiary of the Borrower to transfer any rights with respect to real estate held by it, such decision or judgment shall be an Event of Default); or

(ii) the settlement of the ASARCO Fraudulent Conveyance Litigation on terms which could prevent or impair (x) the development, construction or operation of the Project (including on terms that require the Borrower or any Subsidiary of the Borrower to transfer any rights with respect to real estate held by it); or (y) the performance by the Borrower of its obligations hereunder or under the other Loan Documents.

(p) Abandonment. Abandonment of the Project shall have occurred.

(q) Agreements Unenforceable; Illegality. This Agreement or any other Loan Document is expressly repudiated by any party thereto except the Lender, is declared illegal or unenforceable against any party other than the Lender.

SECTION 6.02 Effect of Event of Default. If any Event of Default shall occur and be continuing, the Lender may (i) by notice to the Borrower, (A) declare its Commitment to be terminated, whereupon the same shall forthwith terminate, and (B) declare the entire unpaid principal amount of the Loans, all interest accrued and unpaid thereon and all other Obligations to be forthwith due and payable, whereupon the Loans, all such accrued interest and all such other Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code, the result which would otherwise occur only upon giving of notice by the Lender to the Borrower as specified in this clause (i) shall occur automatically, without the giving of any such notice; and (ii) whether or not the actions referred to in clause (i) have been taken, (A) exercise any or all of the Lender's rights and remedies under the Collateral Documents, and (B) proceed to enforce all other rights and remedies available to the Lender under the Loan Documents and applicable law.

ARTICLE VII
MISCELLANEOUS

SECTION 7.01 Amendments and Waivers. No amendment to any provision of the Loan Documents shall be effective unless it is in writing and has been signed by the Lender and the Borrower, and no waiver of any provision of any Loan Document, or consent to any departure by the Borrower therefrom, shall be effective unless it is in writing and has been signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.02 Notices. All notices and other communications provided for hereunder and under the other Loan Documents shall, unless otherwise stated herein, be in writing (including by facsimile transmission and by electronic mail) and mailed (by certified or registered mail), sent or delivered to the respective parties hereto or thereto at or to their respective addresses or facsimile numbers set forth below their names on the signature pages hereof, or at or to such other address, facsimile number or email address as shall be designated by any party in a written notice to the other party hereto. All such notices and communications shall be effective (i) if delivered by hand, sent by certified or registered mail or sent by an overnight courier service, when received; and (ii) if sent by facsimile transmission or electronic mail, when sent; provided, however, that notices and communications to the Lender pursuant to Article II shall not be effective until received. Electronic mail may be used only for routine communications, such as financial statements and other informational documents and may not be used for any other purpose.

SECTION 7.03 No Waiver; Cumulative Remedies. No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 7.04 Costs and Expenses; Indemnity.

(a) Costs and Expenses. The Borrower agrees to pay on demand all costs and expenses of the Lender and its Affiliates, and fees and disbursements of counsel, in connection with (i) any Default or Event of Default, (ii) the enforcement or attempted enforcement of, and preservation of any rights or interests under, the Loan Documents, (iii) any out-of-court workout or other refinancing or restructuring or any bankruptcy or insolvency case or proceeding, and (iv) the preservation of and realization upon any of the Collateral.

(b) Other Charges. The Borrower also agrees to indemnify the Lender against and hold it harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of the Loan Documents.

(c) Indemnification. Whether or not the transactions contemplated hereby shall be consummated, the Borrower hereby agrees to indemnify the Lender, any Affiliate thereof and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person, which may be imposed on or incurred by any Indemnified Person, or asserted against any Indemnified Person by any third party or by the Borrower or the Guarantor, in any way relating to or arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) the Loans or the use or intended use of the proceeds thereof, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or the Guarantor (the "Indemnified Liabilities"); provided that the Borrower shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, the Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 7.05 Survival. All covenants, agreements, representations and warranties made in any Loan Documents shall, except to the extent otherwise provided therein, survive the execution and delivery of this Agreement, the making of the Loans, and shall continue in full force and effect so long as the Lender has any Commitment, any Loans remain outstanding or any other Obligations remain unpaid or any obligation to perform any other act hereunder or under any other Loan Document remains unsatisfied. Without limiting the generality of the foregoing, the obligations of the Borrower under Section 7.04, and all similar obligations under the other Loan Documents (including all obligations to pay costs and expenses and all indemnity obligations), shall survive the repayment of the Loans and the termination of the Commitments.

SECTION 7.06 Benefits of Agreement. The Loan Documents are entered into for the sole protection and benefit of the parties hereto and their successors and assigns, and no other Person (other than the Indemnified Persons referred to in Section 7.04(c)) shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, any Loan Document.

SECTION 7.07 Binding Effect; Assignment. This Agreement shall become effective when it shall have been executed by the Borrower and the Lender and thereafter shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Lender and their respective successors and assigns. The Borrower shall not have the right to assign its rights and obligations hereunder or under the other Loan Documents or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right to sell, assign, transfer or grant participations in all or any portion of the Lender's rights and obligations hereunder and under the other Loan Documents to any other Person. In the event of any such assignment, upon notice thereof to the Borrower, the assignee shall be deemed the "Lender" for all purposes of the Loan Documents with respect to the rights and obligations assigned to it, and the obligations of the Lender so assigned shall thereupon terminate. The Borrower shall, from time to time upon request of the Lender, enter into such amendments to the Loan Documents and execute and deliver such other documents as shall be necessary to effect any such grant or assignment. The Borrower agrees that in connection with any such grant or assignment, the Lender may deliver to the prospective participant or assignee financial statements and other relevant information relating to the Borrower and its Subsidiaries. The Lender shall obtain from any such prospective participant or assignee a confidentiality agreement in which such participant or assignee agrees to an obligation of confidentiality.

SECTION 7.08 Confidentiality. The parties hereby acknowledge the terms of the Confidentiality Agreement, dated September 6, 2006 between Augusta Resource Corporation and Sumitomo Corporation.

SECTION 7.09 Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York without regard for principles of conflict of law that would require the application of the law of a jurisdiction other than the State of New York.

SECTION 7.10 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 7.11 Submission to Jurisdiction.

(a) Submission to Jurisdiction. The Borrower hereby (i) submits to the non-exclusive jurisdiction of the courts of the State of New York and the Federal courts of the United States sitting in the Borough of Manhattan for the purpose of any action or proceeding arising out of or relating to the Loan Documents, (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in such courts, (iii) irrevocably waives (to the extent permitted by applicable law) any objection which it now or hereafter may have to the laying of venue of any such action or proceeding brought in any of the foregoing courts, and any objection on the ground that any such action or proceeding in any such court has been brought in an inconvenient forum, and (iv) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

(b) No Limitation. Nothing in this Section 7.11 shall affect the right of the Lender to serve legal process in any other manner permitted by law or limit the right of the Lender to bring any action or proceeding against the Borrower or its property in the courts of other jurisdictions.

SECTION 7.12 Entire Agreement. The Loan Documents reflect the entire agreement between the Borrower and the Lender with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto.

SECTION 7.13 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Lender, or the Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under the Bankruptcy Code or other U.S. Federal, state or foreign liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws, or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

SECTION 7.14 Severability. Whenever possible, each provision of the Loan Documents shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of any of the Loan Documents shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of such Loan Document, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 7.15 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

****Remainder of page intentionally left blank****

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

THE BORROWER

ROSEMONT COPPER COMPANY

By ______________________
Name: GIL CLAUSEN
Title: PRESIDENT

Address:

4500 Cherry Creek South Drive, Suite1040
Denver, CO 80246
USA
Attn.: ______________________
Fax No. ______________________
Email: ______________________

THE LENDER

SUMITOMO CORPORATION OF AMERICA

By ______________________
Name:
Title:

Address:

8055 East Tufts Ave., Suite 720
Denver, CO 80237
USA
Attn.: Unit Manager, Mineral Resources Unit
Fax No. ______________________
Email: susumu.takeuchi@sumitomocorp.com

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

THE BORROWER

ROSEMONT COPPER COMPANY

By ______________________________
Name:
Title:

Address:

4500 Cherry Creek South Drive, Suite1040
Denver, CO 80246
USA
Attn.: __________________________
Fax No. _________________________
Email: __________________________

THE LENDER

SUMITOMO CORPORATION OF AMERICA

By ______________________________
Name: Susumu Ishihara
Title: Sr. VP & General Manager
Mineral Resources & Energy Group

Address:

8055 East Tufts Ave., Suite 720
Denver, CO 80237
USA
Attn.: Unit Manager, Mineral Resources Unit
Fax No. _________________________
Email: susumu.takeuchi@sumitomocorp.com

The following Schedules / Exhibits have been omitted:

Schedule 1: Listed of Excluded Assets and Exhibit A containing Real Property Legal Description

Schedule 2: List of Permitted Liens

Exhibit A: Vendor Acknowledgement