Certificate of Amalgamation

Canada Business Corporations Act

Certificat de fusion

Loi canadienne sur les sociétés par actions

Augusta Resource Corporation

Corporate name / Dénomination sociale

896967-1

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

JE CERTIFIE que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Virginie Ethier

Virginie Ethier

Director / Directeur

2014-09-23

Date of Amalgamation (YYYY-MM-DD)
Date de fusion (AAAA-MM-JJ)

Industry Canada / Industrie Canada

Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)

1 - Corporate name of the amalgamated corporation

Augusta Resource Corporation

2 - The province or territory in Canada where the registered office is situated *(do not indicate the full address)*

British Columbia

3 - The classes and any maximum number of shares that the corporation is authorized to issue

The Corporation is authorized to issue an unlimited number of Amalco Common Shares and an unlimited number of Amalco Redeemable Preferred Shares. See attached Schedule 1 for rights, privileges, restrictions and conditions.

4 - Restrictions, if any, on share transfers

There are no restrictions on share transfers.

5 - Minimum and maximum number of directors *(for a fixed number of directors, please indicate the same number in both boxes)*

Minimum number 1 **Maximum number** 10

6 - Restrictions, if any, on the business the corporation may carry on

There are no restrictions on the business the Corporation may carry on or on the powers the Corporation may exercise.

7 - Other provisions, if any

See attached Schedule 1.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

☑	**183 - Long form : approved by special resolution of shareholders**	☐	**184(1) - Vertical short-form : approved by resolution of directors**	☐	**184(2) - Horizontal short-form : approved by resolution of directors**

9 - Declaration

I hereby certify that I am a director or an authorized officer of the following corporation:

Name of the amalgamating corporations	Corporation number	Signature
Augusta Resource Corporation	3635767	
8988285 Canada Inc.	8988285	

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

8969671

Canada

SCHEDULE 1
TO ARTICLES OF AMALGAMATION

The rights, privileges, restrictions and conditions attaching to the shares of the Corporation shall be as follows:

All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the amalgamation agreement dated as of August 22, 2014 between Augusta Resource Corporation, 8988285 Canada Inc. and Hudbay Minerals Inc. (the "**Amalgamation Agreement**").

A. Amalco Redeemable Preferred Shares

The Amalco Redeemable Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Redemption

Subject to the requirements of the *Canada Business Corporations Act* (the "**Act**"), the Corporation shall:

(a) as of 12:02 a.m. (Toronto time) (the "**Redemption Time**") on the day that the amalgamation (the "**Amalgamation**") following which the Corporation is the continuing corporation becomes effective, redeem all of the Amalco Redeemable Preferred Shares that then are issued and outstanding; and

(b) immediately following the issuance of any additional Amalco Redeemable Preferred Shares that may be issued after the Redemption Time to persons who exercised rights of dissent ("**Dissenting Shareholders**") in respect of the Amalgamation and who failed to perfect or withdrew or forfeited their claim under Section 190 of the Act in connection with the Amalgamation or whose rights as a holder of Amalco Redeemable Preferred Shares otherwise are reinstated, but with effect as of the Redemption Time, redeem all such additional Amalco Redeemable Preferred Shares

for consideration (the "**Redemption Consideration**") for each Amalco Redeemable Preferred Share to be redeemed equal to 0.17 of Hudbay Warrant to purchase common shares of Hudbay in accordance with the following provisions of this section. Except as hereinafter expressly provided or as otherwise determined by the Corporation, no notice of redemption or other act or formality on the part of the Corporation shall be required to effect the redemption of the Amalco Redeemable Preferred Shares.

No fractional Hudbay Warrants will be issued or delivered in connection with the redemption of the Amalco Redeemable Preferred Shares. If at the completion of the Redemption, the number of Hudbay Warrants to be issued or delivered to a holder of Amalco Redeemable Preferred Shares would result in a fraction of a Hudbay Warrant being issuable or deliverable, fractional entitlements will either be rounded up (if the fractional interest is 0.5 or more) or down (if the fractional interest is less than 0.5) to the nearest whole number.

On the business day following the Redemption Time, the Corporation shall deliver or cause to be delivered to Equity Financial Trust Company (the "**Depositary**") at its principal office in the City of Toronto, the Redemption Consideration in respect of each Amalco Redeemable Preferred Share to be redeemed. Delivery of the aggregate Redemption Consideration in such a manner shall be a full and complete discharge of the Corporation's obligation to deliver the aggregate Redemption Consideration to the holders of Amalco Redeemable Preferred Shares.

2. Payment of Redemption Consideration

(a) As of the Redemption Time, the name of each registered holder of Amalco Redeemable Preferred Shares shall be removed from the securities register of the Corporation.

(b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented common shares ("**Augusta Shares**") of Augusta Resource Corporation, together with a duly completed letter of transmittal and with such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor the Redemption Consideration which such holder is entitled to receive, and the certificate so surrendered shall forthwith be cancelled.

(c) The Corporation shall cause the Depositary, as soon as practicable, and in any event within three days following the later of the Redemption Time and the date of deposit with the Depositary of the documentation as provided in paragraph (b) above, to deliver the Redemption Consideration payable to the former holders of Augusta Shares in accordance with the provisions hereof (net of any amounts required to be withheld pursuant to paragraph (f) below).

(d) If any holder of Augusta Shares fails for any reason to deliver to the Depositary for cancellation the certificates formerly representing Augusta Shares (or an affidavit of loss and bond or other indemnity pursuant to paragraph (e) below), together with such other documents or instruments required for such holder to receive the applicable Redemption Consideration on or before the sixth anniversary of the effective date of the Amalgamation, such holder shall be deemed to have donated and forfeited to Hudbay on such sixth anniversary any Redemption Consideration (together with any dividends and distributions with respect thereto, but net of amounts required to be withheld pursuant to paragraph (f) below) held by the Depositary for such holder.

(e) In the event any certificate which immediately prior to the Effective Time represented Augusta Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Redemption Consideration payable to such person in accordance with such holder's letter of transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom such Redemption Consideration is to be delivered shall as a condition precedent to the delivery of such cash, give a bond satisfactory to the Corporation, Hudbay and the Depositary (acting reasonably) in such sum as Hudbay may direct, or otherwise indemnify the Corporation and Hudbay in a manner satisfactory to the Corporation and Hudbay, acting reasonably, against any claim that may be made against Hudbay or the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed

(f) The Corporation, Hudbay or the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any holder of Augusta Shares, pursuant to the Redemption, such amounts as the Corporation, Hudbay or the Depositary is required or entitled to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada), the regulations promulgated thereunder or any provision of provincial, state, local or foreign tax law, in each case, as amended or succeeded and subject to the provisions of any applicable income tax treaty between Canada and the country where the holder is resident. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the holder of the Augusta Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

3. Priority

The Amalco Redeemable Preferred Shares shall be entitled to a preference over the Amalco Common Shares of the Corporation and any other shares ranking junior to the Amalco Redeemable Preferred Shares in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

4. Dividends

The holders of the Amalco Redeemable Preferred Shares shall not be entitled to receive any dividends thereon.

5. Voting Rights

Except as otherwise provided in the Act, the holders of the Amalco Redeemable Preferred Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation.

6. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of Amalco Redeemable Preferred Shares shall be entitled to receive, and the Corporation shall pay to such holders, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of Amalco Common Shares or any other class of shares ranking junior to the Amalco Redeemable Preferred Shares as to such entitlement, an amount equal to the Redemption Consideration for each Amalco Redeemable Preferred Share held by them; provided that, the holders (and former holders) of Amalco Redeemable Preferred Shares shall have no further entitlement following either (i) payment to the Depositary of the Redemption Consideration as provided in Section 1, or (ii) payment of an amount equal to the Redemption Consideration as provided in this Section 6.

7. Specified Amount

For the purpose of Subsection 191(4) of the *Income Tax Act* (Canada), the specified amount in respect of each Amalco Redeemable Preferred Share is $1.18.

B. Amalco Common Shares

The Amalco Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Dividends

Subject to the rights of the holders of any class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of the Amalco Common Shares, the holders of the Amalco Common Shares shall be entitled to receive dividends equally, on a share for share basis, if, as and when declared by the Board of Directors of the Corporation out of the assets of the Corporation properly available for the payment of dividends of such amounts and payable in such manner as the Board of Directors may from time to time determine.

2. Voting Rights

The holders of the Amalco Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and shall be entitled to one vote in respect of each Amalco Common Share held at such meetings, except a meeting of holders of a class or series of shares other than the Amalco Common Shares who are entitled to vote separately as a class or series at such meeting.

3. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Amalco Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive the property or assets of the Corporation upon such distribution in priority to or rateably with the holders of the Amalco Common Shares, be entitled to share equally, on a share for share basis, in the distribution of property and assets of the Corporation.

9. OTHER PROVISIONS, IF ANY

(a) The directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.