HUDBAY

360° EXPERTISE

Creating Sustainable Value Through High Quality, Long-Life Deposits

Canaccord Genuity

Global Resources Conference

October 16 – 18, 2012

TMX NYSE HBM

Forward-looking Information

This presentation contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian and United States securities legislation. All information contained in this press release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes information that relates to, among other things, our objectives, strategies, and intentions and future financial and operating performance and prospects. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results ''may'', ''could'', ''would'', ''should'', ''might'' ''occur'' or ''be achieved'' or ''will be taken'' (and variations of these or similar expressions). All of the forward-looking information in this presentation is qualified by this cautionary statement.

Forward-looking information includes, but is not limited to, production forecasts, development plans for our Constancia, Lalor and Reed projects, capital cost estimates, continued production at our 777 and Chisel North mines, continued processing at our Flin Flon concentrator, Snow Lake concentrator and Flin Flon zinc plant, anticipated timing of our projects and events that may affect our projects, anticipated effect of external factors on revenue, such as commodity prices, timing and amount of estimated future production, reclamation costs, economic outlook, government regulation of mining operations, and business and acquisition strategies.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward looking information include, but are not limited to:

the success of mining, processing, exploration and development activities; the accuracy of geological, mining and metallurgical estimates; the costs of production; the supply and demand for metals we produce; the volatility of commodity prices; the volatility in foreign exchange rates; the supply and availability of concentrate for our processing facilities; the supply and availability of reagents for our concentrators; the availability of third party processing facilities for our concentrate; the supply and availability of all forms of energy and fuels at reasonable prices; the availability of transportation services at reasonable prices; no significant unanticipated operational or technical difficulties; the execution of our business strategy, including the success of our strategic investments; the availability of financing for our exploration and development projects and activities; the ability to complete project targets on time and on budget and other events that may affect our ability to develop our projects; the timing and receipt of various regulatory and governmental approvals; the availability of personnel for our exploration, development and production projects and ongoing employee relations; maintaining good relations with the communities in which we operate, including the communities surrounding our Constancia project; no significant unanticipated challenges with stakeholders at our various projects; no significant unanticipated events relating to regulatory, environmental, health and safety matters; no contests over title to our properties, including as a result of rights or claimed rights of aboriginal peoples; the timing and possible outcome of pending litigation and no significant unanticipated litigation; any assumptions related to taxes, including, but not limited to current tax laws and regulations; and no significant and continuing adverse changes in general economic conditions or conditions in the financial markets.

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations and energy prices), uncertainties related to the development and operation of our projects, depletion of our reserves, risks related to political or social unrest or change and those in respect of aboriginal and community relations and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, dependence on key personnel and employee relations, volatile financial markets that may affect our ability to obtain financing on acceptable terms, uncertainties related to the geology, continuity, grade and estimates of mineral reserves and resources and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, our ability to comply with our pension and other post-retirement obligations as well as the risks discussed under the heading "Risk Factors" in our most recent Annual Information Form, Form 40-F and Management's Discussion and Analysis for the three and six months ended June 30, 2012.

Should one or more risk, uncertainty, contingency or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, you should not place undue reliance on forward-looking information. We do not assume any obligation to update or revise any forward-looking information after the date of this press release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

Note to U.S. Investors

Information concerning Hudbay's mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of SEC Industry Guide 7. Under Securities and Exchange Commission (the "SEC") Industry Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time of the reserve determination, and the SEC does not recognize the reporting of mineral deposits which do not meet the United States Industry Guide 7 definition of "Reserve".

In accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005.

While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by NI 43-101, the SEC does not recognize them. You are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined.

It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, you are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves. You are urged to consider closely the disclosure on the technical terms in Schedule A "Glossary of Mining Terms" of Hudbay's annual information form for the fiscal year ended December 31, 2011, available on SEDAR at www.sedar.com and incorporated by reference as Exhibit 99.1 in Hudbay's Form 40-F filed on April 2, 2012 (File No. 001-34244).

Stringent Criteria for Growth

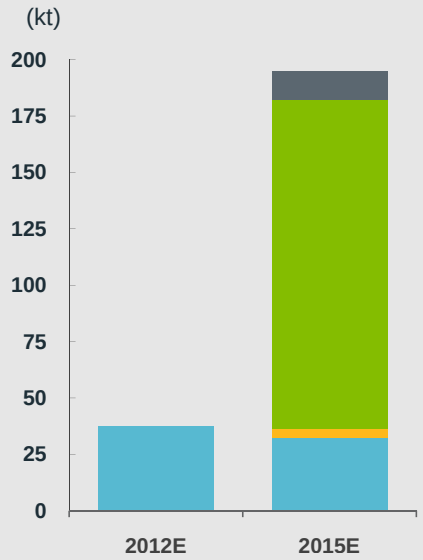
Disciplined focus on per share metrics

1. Focus geographically
   - on mining friendly, investment grade countries in the Americas
2. Focus geologically
   - on VMS and porphyry deposits
3. Acquire small, think big
   - leverage our core competencies as explorers and mine developers and make Hudbay the partner of choice for promising juniors
4. Invest patiently
   - in mine development and organic production growth to maximize per share growth in net asset value, earnings, cash flow and dividends

Key Metals Growth

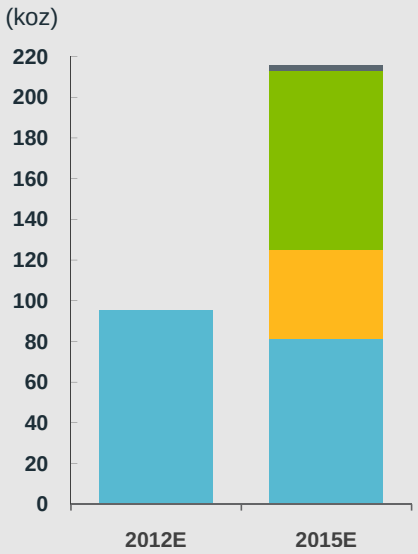
420% GROWTH

Cu Production



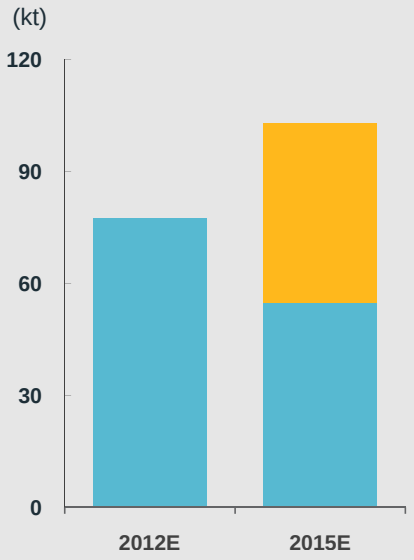
125% GROWTH

Precious Metals Production[1]



35% GROWTH

Zn Production



Hudbay - Current Ops [2] | Lalor [3] | Constancia [4] | Reed [5]

[1] Includes production subject to streaming transactions. Silver converted to gold at a ratio of 50:1.

[2] Based on midpoint of 2012 forecasted production released on December 19, 2011. Anticipated production for 2016 is based on 777 and the 777 North expansion life of mines.

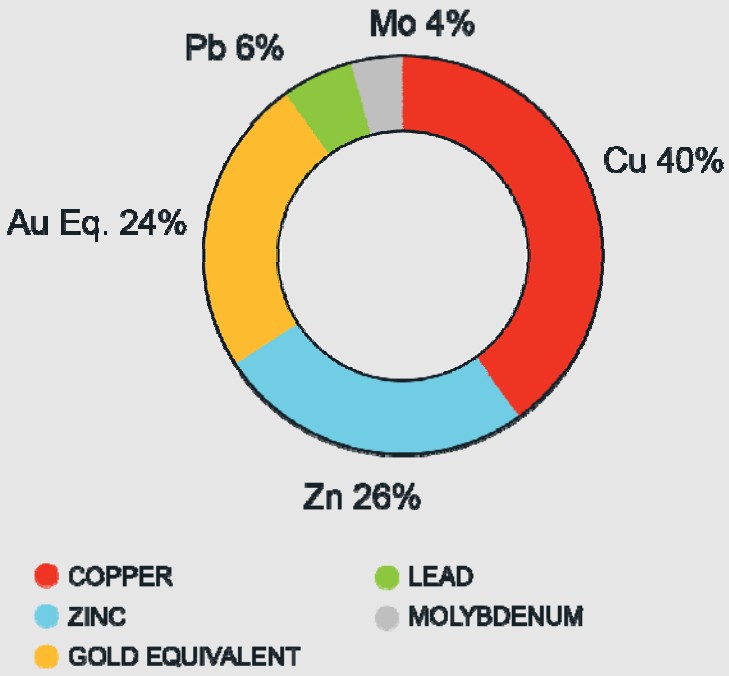
[3] Lalor's anticipated 2015 production based on "Pre-Feasibility Study Technical Report, on the Lalor Deposit" dated March 29, 2012.

[4] Based on contained metal in concentrate per NI 43-101 technical report titled, "Constancia Project Technical Report", dated February 21, 2011.

[5] Reed anticipated 2015 production based on "Pre-Feasibility Study Technical Report on the Reed Copper Deposit" dated April 2, 2012 and reflects 70% attributable production to Hudbay.

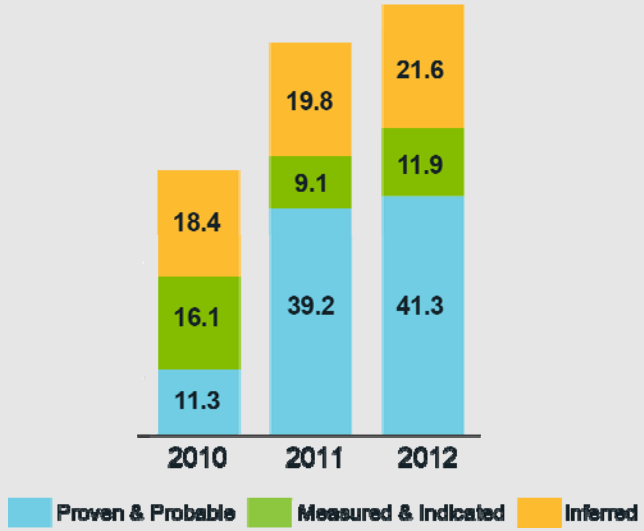
Growing Mineral Reserves and Resources Per Share

Commodity Exposure[1,2]



Cu Eq/Share

(lb Cu/sh)

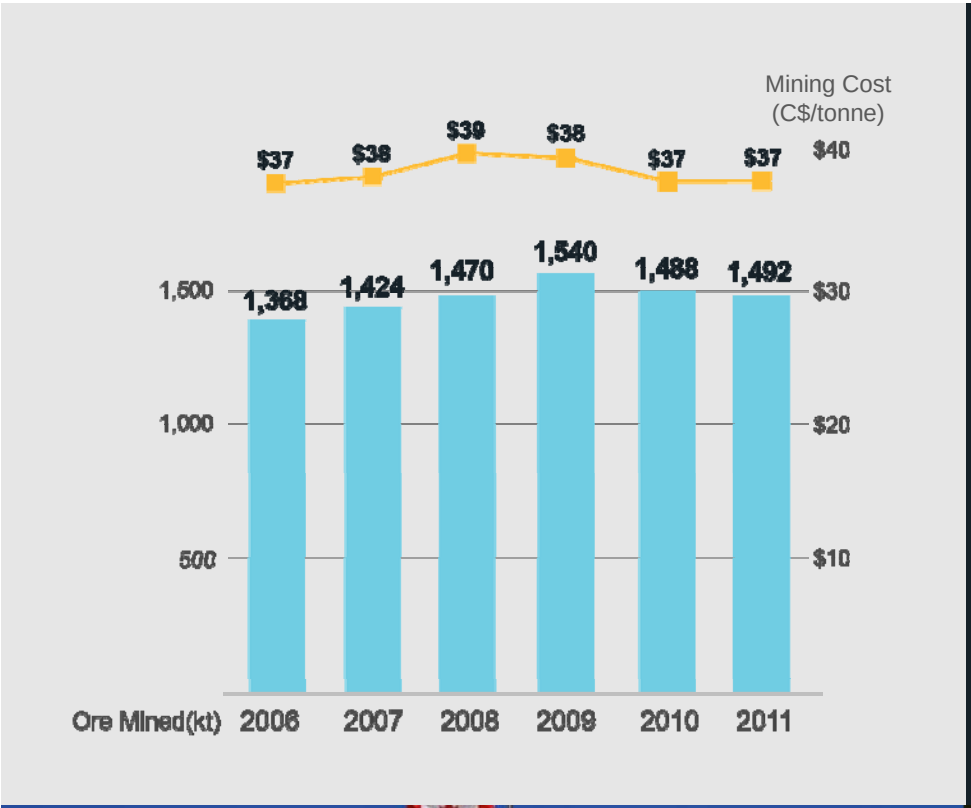


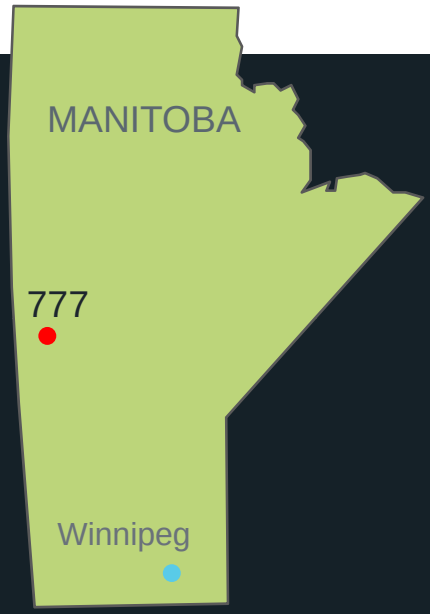
[1] Hudbay reserves and resources as of March 31, 2012. Measured and Indicated Resources are exclusive of Proven and Probable Reserves.

[2] Commodity exposure calculated using commodity prices of US$1,100/oz Au, US$0.95/lb Zn, US$2.75/lb Cu and US$13.00/lb Mo; silver converted to gold at ratio of 50:1

Flagship 777 Mine

Steady production with low cash costs



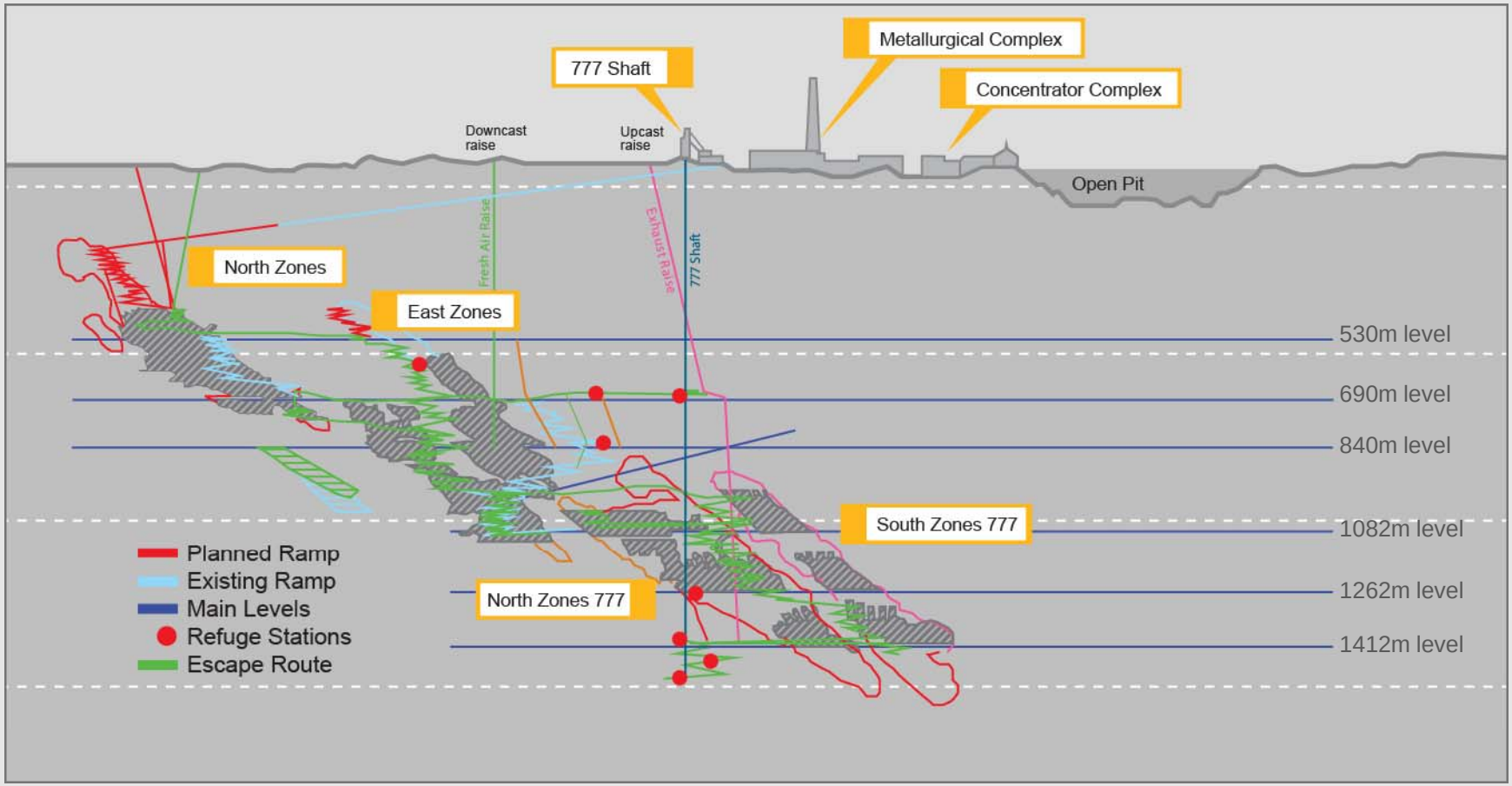


PROFILE

Ownership	100%
Life of Mine	9 years

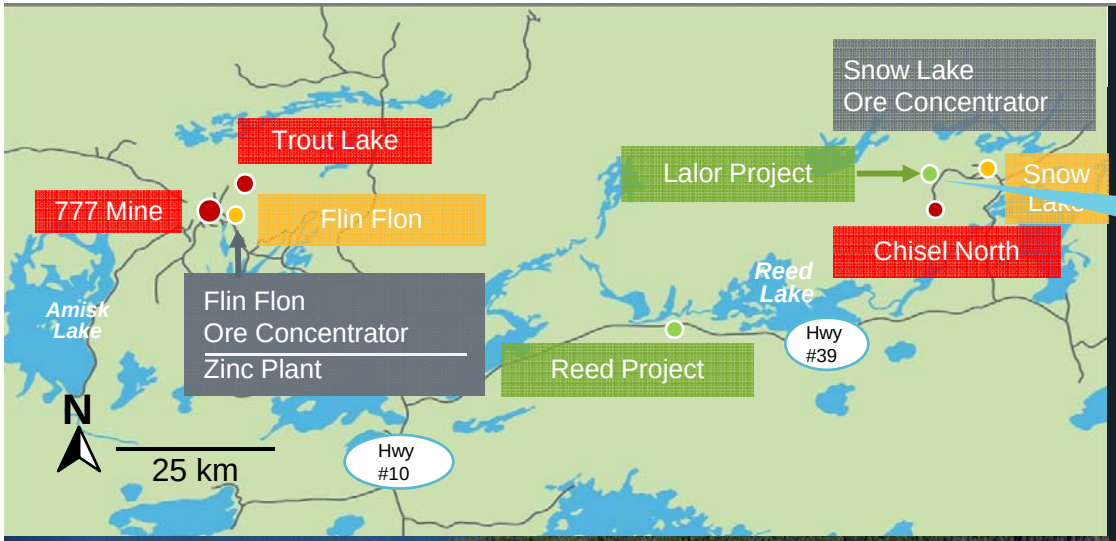
777 Mine

Expansion and underground exploration program underway



Lalor

First production in August 2012

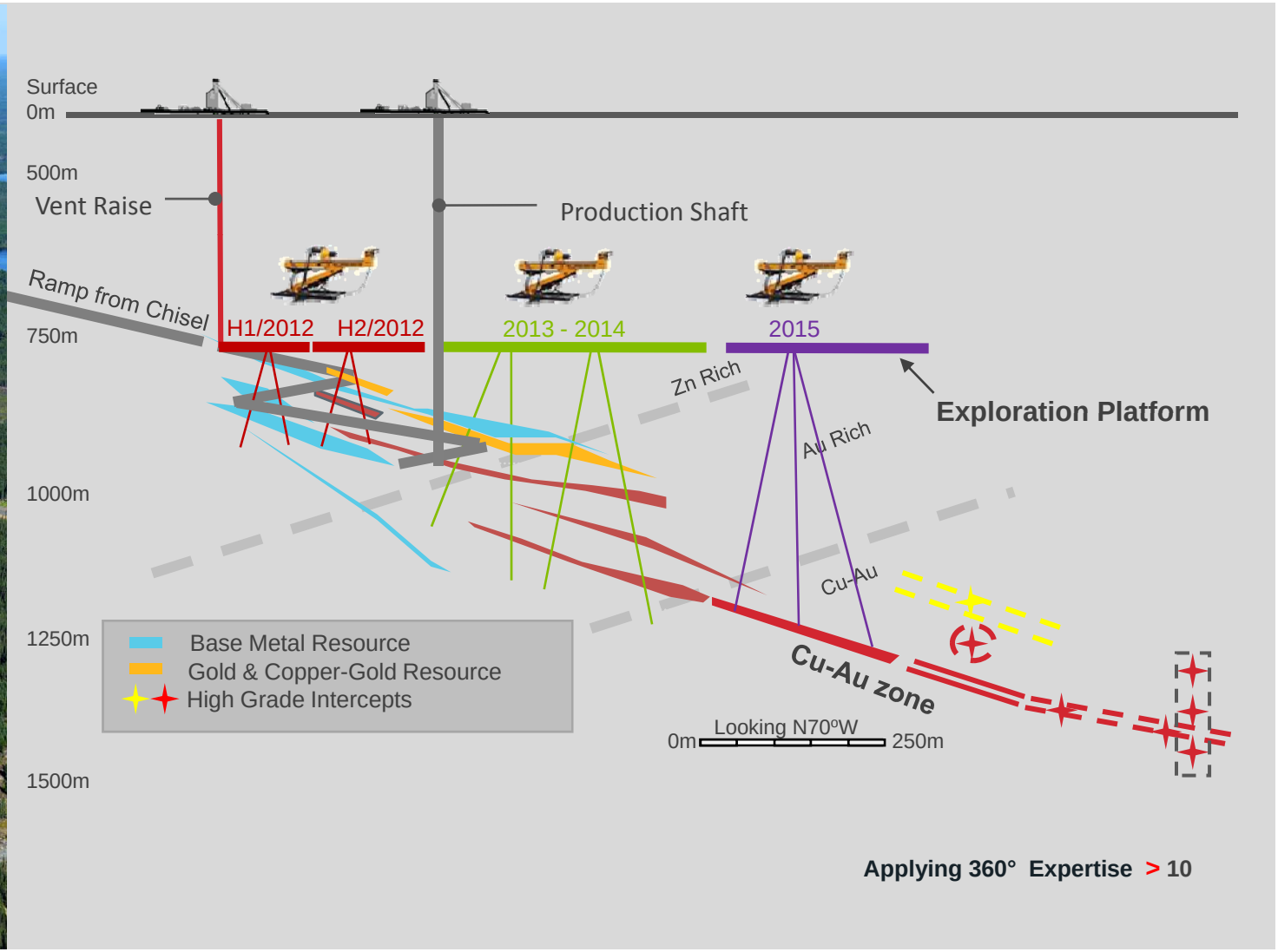


PROFILE

Ownership	100%
Projected Life of Mine	20 years
Construction Capex (2010-2014)	$704 million

Lalor

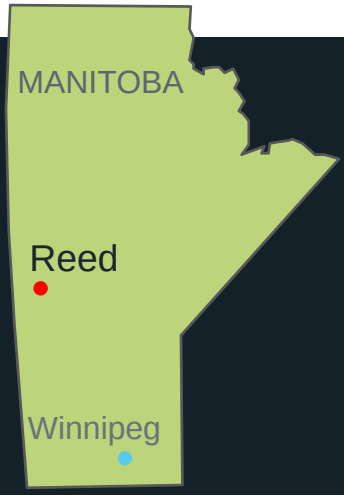
Multi year underground exploration program initiated



Reed

High grade copper deposit near existing infrastructure

- 70% Hudbay ownership
- High-grade, near-surface copper deposit
- Expected to add ~ 17,000 tonnes Cu/yr
- Production set to commence in late 2013



PROFILE

Ownership	70%
Projected Life of Mine	5 years
Construction Capex (2012-2013)	$71 million

Constancia Project

$1.5 billion construction program now underway

- **$252 million of long-lead items secured under fixed price contracts**
- **$91 million spent to June 30, 2012**
- **Initial production expected late 2014; full production expected Q2 2015**
- **Project milestones achieved to date:**
  - Beneficiation concession granted
  - Front end engineering / design completed
  - 660-bed construction camp
  - Mobilization of EPCM and civil works contractors
  - LOM agreements with local communities

	1-5 Yrs	6-16 Yrs	LOM
Annual throughput (M tonnes)	28.8	27.7	28.1
Avg annual contained Cu in concentrate (000 tonnes)	118	**77**	**90**
Avg annual sustaining Capex (US$ M)	57	**32**	**40**
Cash cost per lb of Cu (US$/lb)[1]	**0.66**	**1.11**	**0.92**

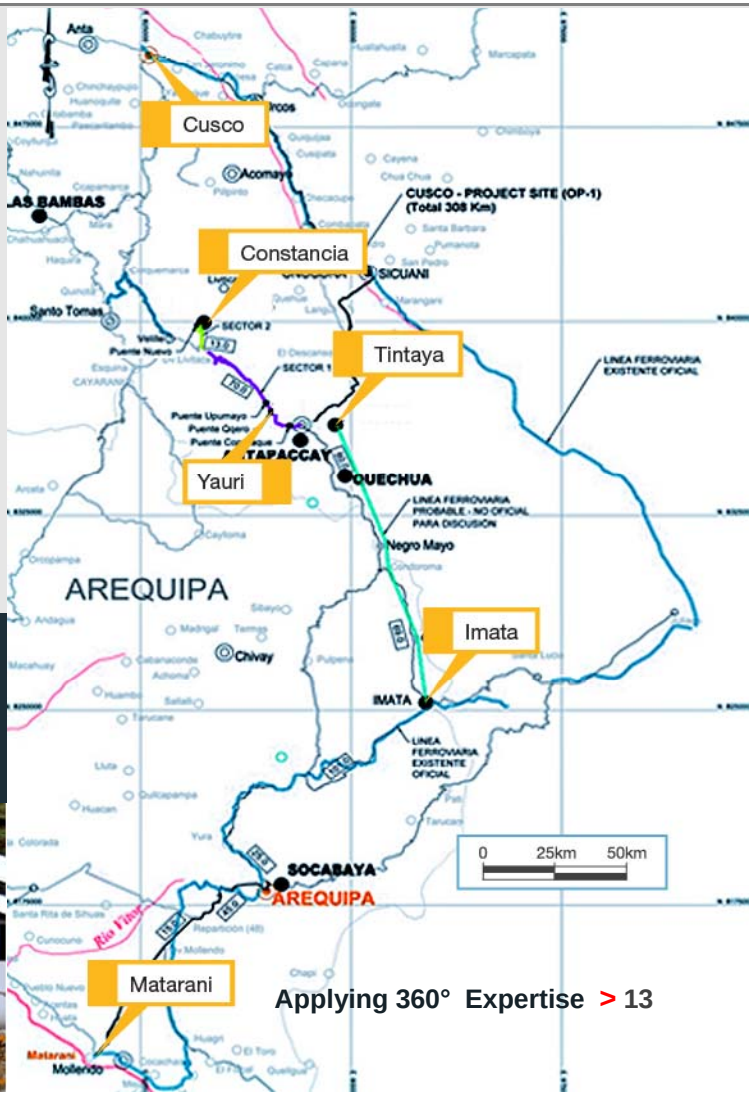
[1] Net of by-products.

Constancia Project

Significant infrastructure advantages

- **83km access road from Yauri**
  - To be upgraded for concentrate haulage
- **Tintaya power substation 70km away**
  - Planned upgrade to 220 kV to be commissioned by Q3 2013
- **Rail-head at Imata 150km away**
- **Road upgrades for concentrate haulage within project scope**
- **~475km from Matarani Port by road**

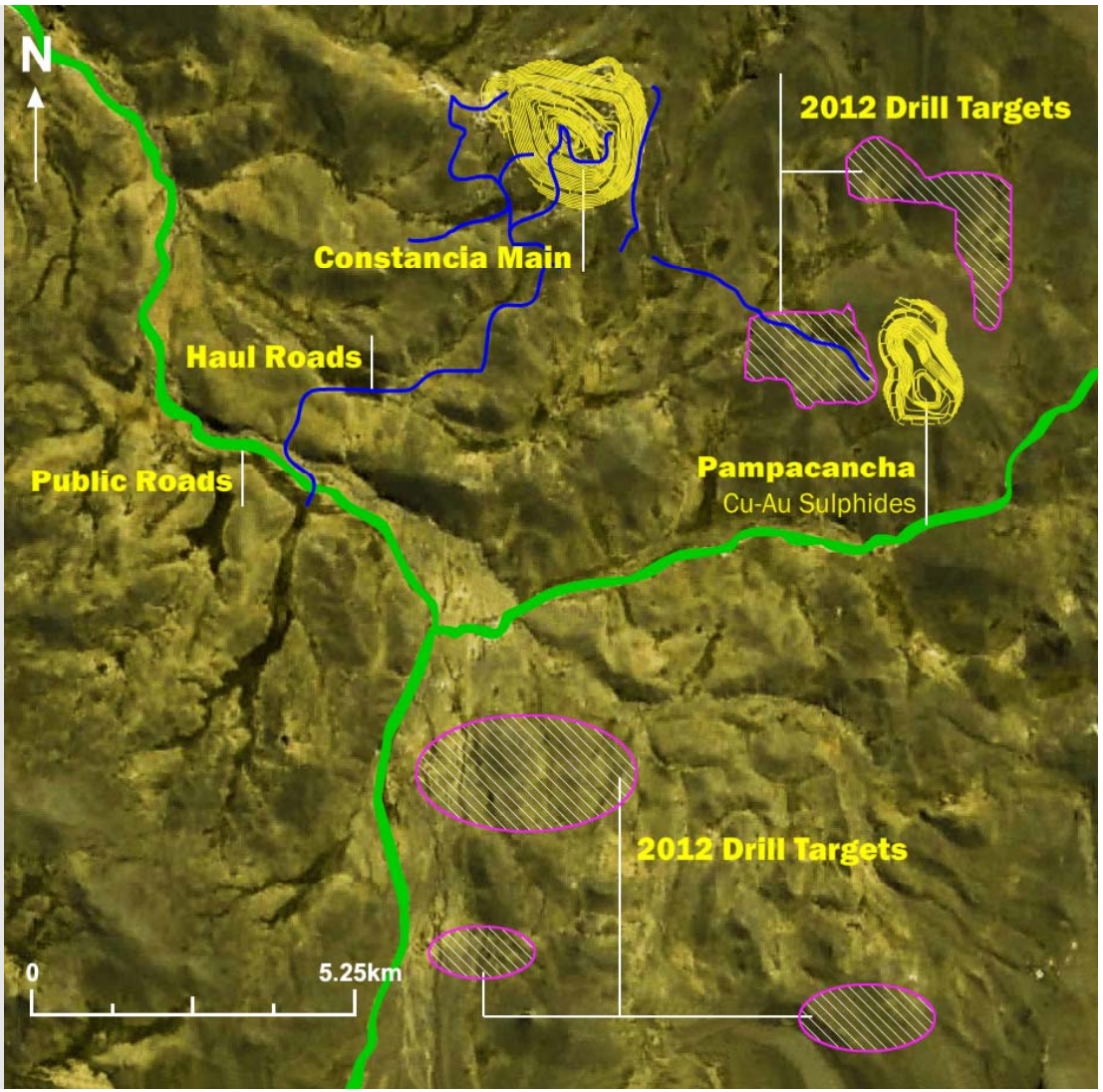
Infrastructure & power expected to be available to meet Constancia project schedule



Constancia Exploration Potential

Early exploration success leads to expanded program

- Expand Pampacancha resource
  - 2 drills active at Pampacancha
  - Geophysics indicates anomalies to the west and north
- Chilloroya South
  - Classic signs of porphyry system
  - 1 drill currently exploring



Steady Production with Low Cash Costs

On track to meet annual guidance for sixth consecutive year

		Three Months Ended	Six Months Ended	Guidance[1]
Contained metal in concentrate		June 30, 2012	June 30, 2012	2012
Copper [1]	tonnes	10,762	21,506	35-40,000
Refined Zinc [1]	tonnes	20,457	42,124	70-85,000
Precious Metals [1,2]	troy oz.	27,858	54,656	85-105,000
Unit Operating Costs				
777	$/tonne	37.47	40.00	38 - $42
Trout Lake	$/tonne	46.43	56.15	60 - $74
Chisel North	$/tonne	100.64	103.52	93 - $114

[1] Metal reported in concentrate prior to refining losses or deductions associated with smelter terms

[2] Silver production converted to gold at the average gold and silver realized sales prices during each respective quarter.

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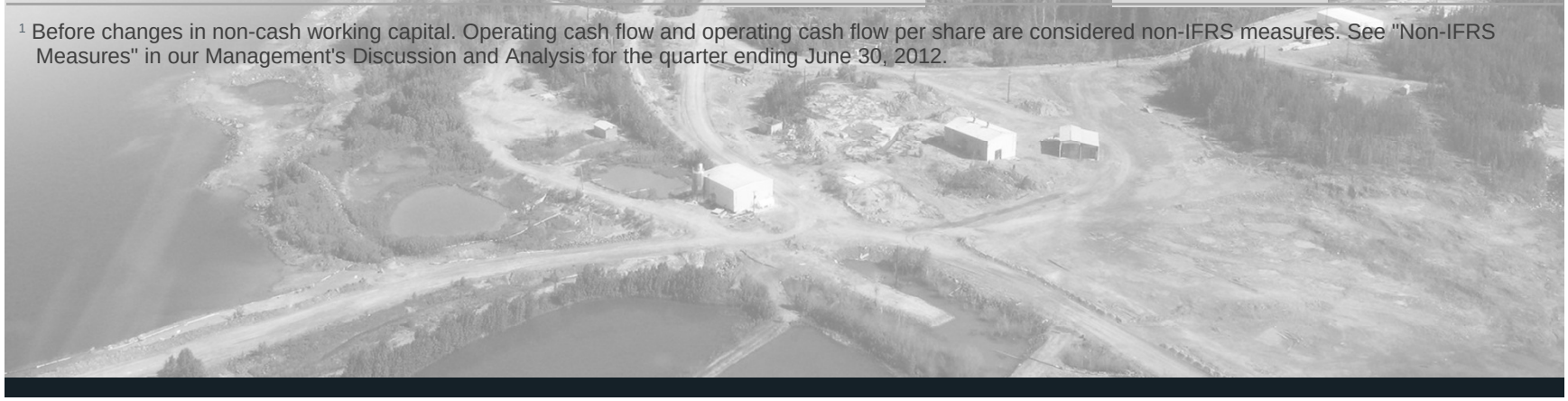
Reliable Cash Flow Generation

	Three Months Ended Jun 30		Six Months Ended Jun 30	
($000s except per share amounts)	**2012**	2011	**2012**	2011
Revenue	**189,858**	246,823	**376,896**	424,168
Operating cash flow [1]	**66,138**	61,826	**108,383**	103,689
Operating cash flow per share [1]	**0.38**	0.36	**0.63**	0.63

[1] Before changes in non-cash working capital. Operating cash flow and operating cash flow per share are considered non-IFRS measures. See "Non-IFRS Measures" in our Management's Discussion and Analysis for the quarter ending June 30, 2012.



Strong Balance Sheet

Pro forma as at June 30, 2012

Sources	Uses
> Cash on hand - **$710 million**	> Lalor - $427 million
> Streaming agreement proceeds - **$750 million**	> Reed - $66 million
> Proceeds from High Yield Offering - **$500 million**	> Constancia - $1.455 billion
> Existing Credit facility - **$200 million**	
Total Sources: $2.16 billion	**Total Uses: $1.95 billion**

> Shares Outstanding: 171.9 million
> Annualized Dividend Yield: 2.1%[1]

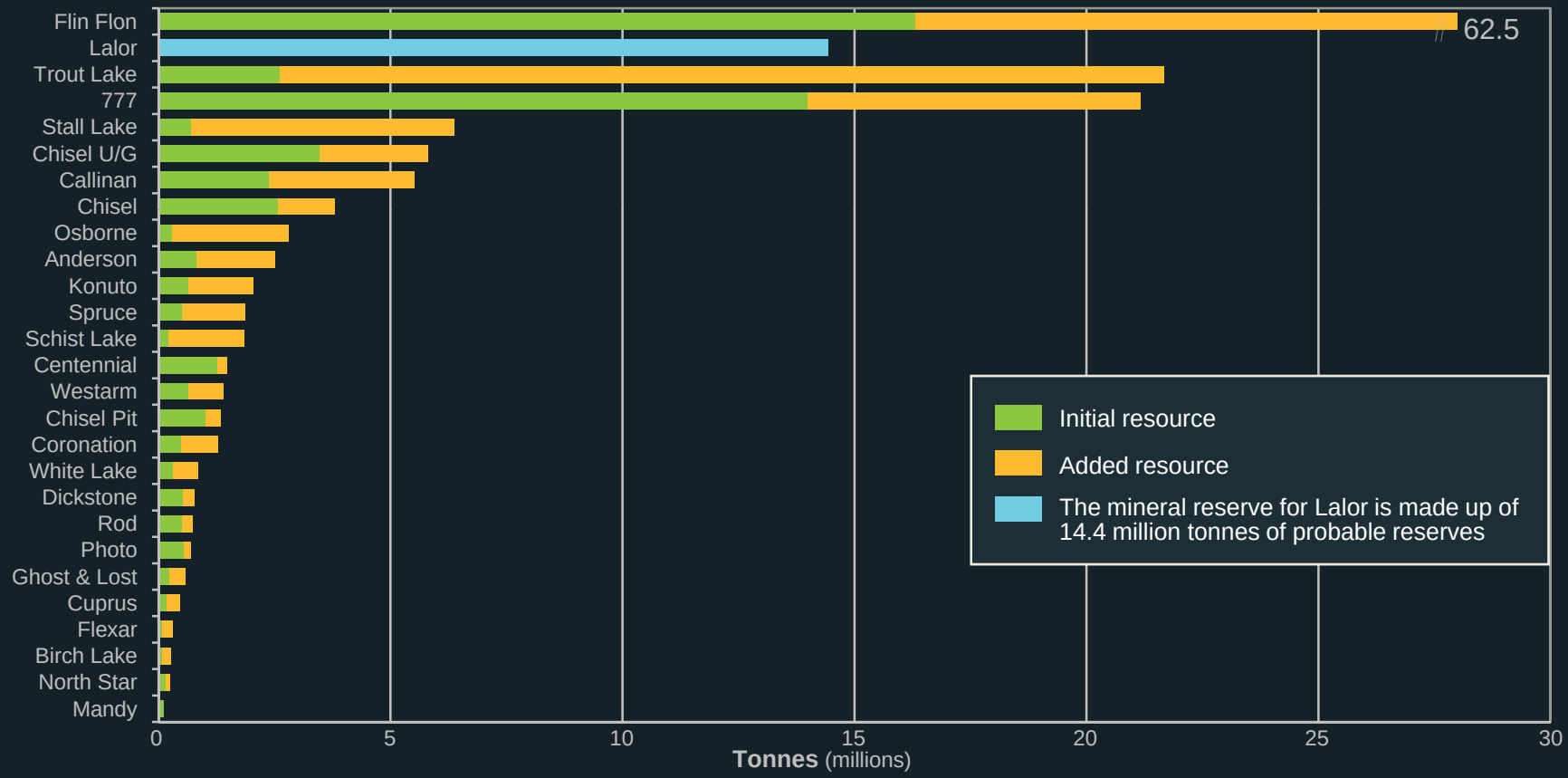
[1] As at market close on October 4, 2012

Applying 360° Expertise in Each Stage of Mining Cycle

Exploration	Development	Production	Reclamation
> Discovered 26 mines in 85 years	> Currently 3 mines in development	> 777 Mine is a consistently low-cost producer	> Successfully reclaimed 19 mines

Growth of Mineral Deposits

Discoveries in the Greenstone Belt



Average 1990 – 2010 discovery cost of 6.4 cents/lb Cu equivalent[1]

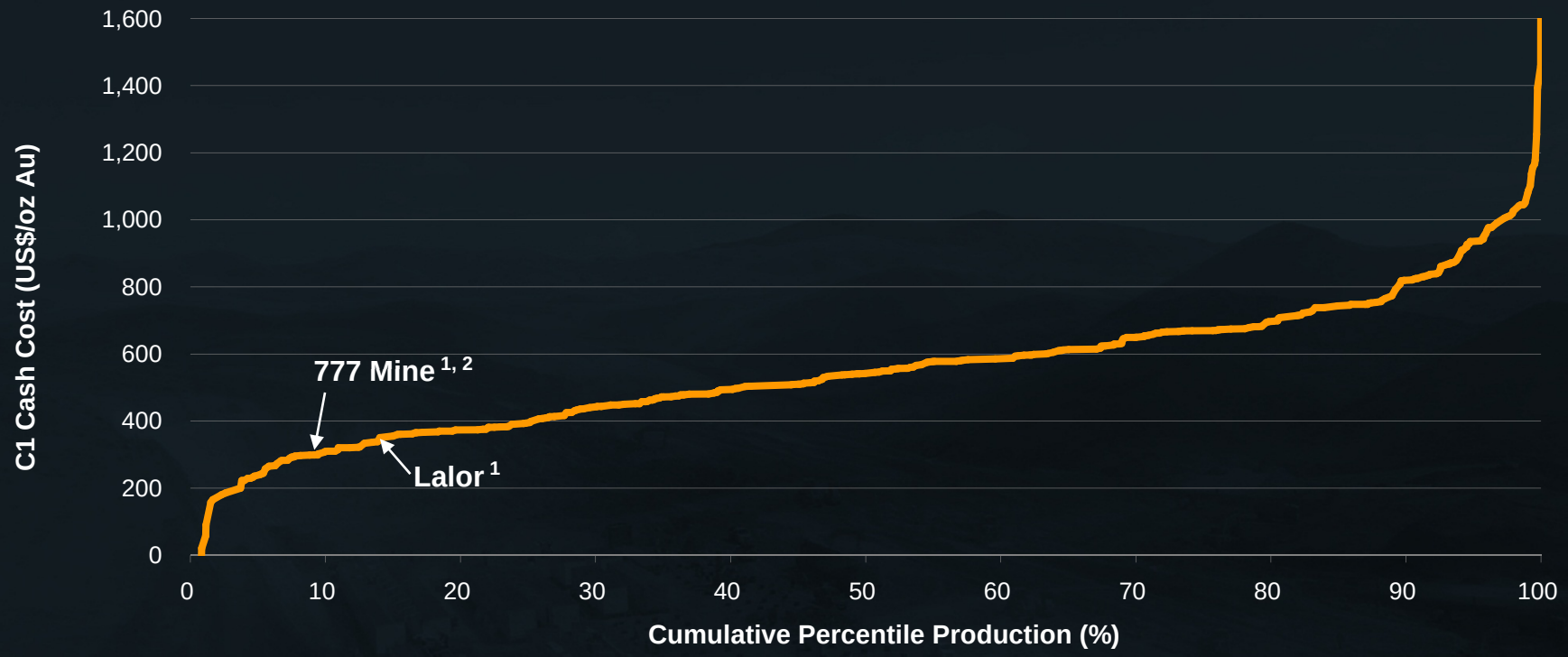
[1] Expressed in 2011 dollars

APPENDIX

Appendix Contents

- Cost curves
- 2012 operating guidance, capital expenditures and exploration spending breakdown
- Lalor guidance, mineralization and plan views
- Constancia project
- South America property
- Reserves & resources

Gold Cost Curve

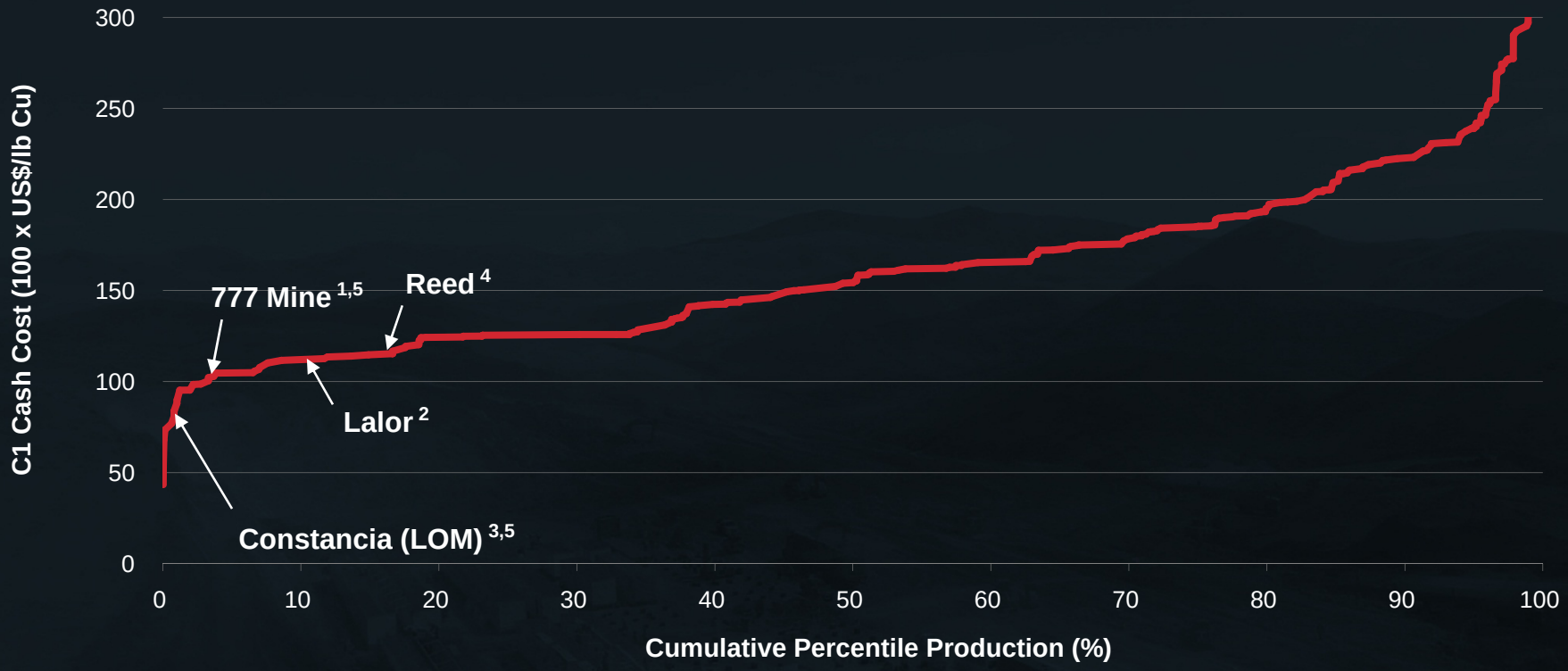


Source: Brook Hunt (2011 cost curve) and Hudbay estimates (777 Mine and Lalor)

[1] Co-product cash costs calculated using Brook Hunt's co-product costing methodology which is materially different from the co-product costs reported by Hudbay in its public disclosure.

[2] 777 co-product costs excluding the effect of the stream transactions.

Copper Cost Curve



Source: Brook Hunt (777 Mine and 2011 cost curve) and Hudbay estimates (Lalor)

[1] Brook Hunt co-product cash costs.

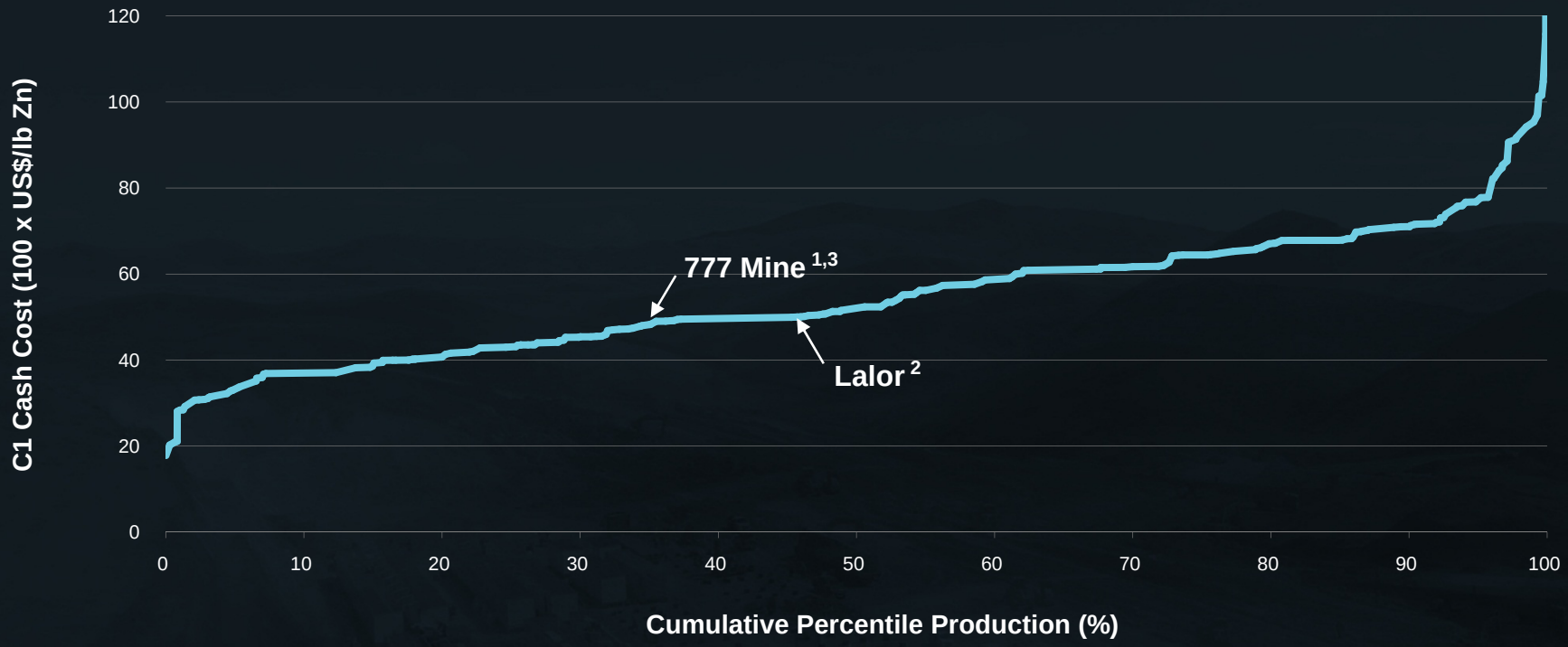
[2] Co-product cash costs calculated using Brook Hunt's co-product costing methodology which is materially different from the co-product costs reported by Hudbay in its public disclosure.

[3] Based on NI 43-101 technical report titled, "Constancia Project Technical Report", dated February 21, 2011.

[4] Based on Reed AFE.

[5] 777 and Constancia co-product costs excluding the effect of the stream transactions.

Zinc Cost Curve



Source: Brook Hunt (777 Mine and 2011 cost curve) and Hudbay estimates (Lalor, Reed)

[1] Brook Hunt co-product cash costs.

[2]Co-product cash costs calculated using Brook Hunt's co-product costing methodology which is materially different from the co-product costs reported by Hudbay in its public disclosure.

[3] 777 co-product costs excluding the effect of the stream transactions.

2012 Operating Guidance

Copper: 35,000 – 40,000 tonnes
Zinc: 70,000 – 85,000 tonnes
Precious Metals[2] : 85,000 – 105,000 ounces

		777	Trout Lake	Chisel North	Lalor[1]
Ore Mined	tonnes	1,553,000	230,000	165,000	86,000
Copper	%	2.3	1.8	0.7[2]	0.4
Zinc	%	4.3	2.3	5.0	10.1
Gold	g/tonne	1.9	1.5	-	1.1
Silver	g/tonne	28.0	7.1	-	16.9
Unit Operating Costs[3]	C$/tonne	$38 - 42	$60-74	$93-114	

		Flin Flon	Snow Lake
Ore Milled	tonnes	1,840,000	190,000
Recoveries			
Copper	%	93	80
Zinc	%	85	95
Gold	%	70	65
Unit Operating Costs[3]	C$/tonne	$12 - 15	$32 - 37

[1] Revenues and costs from Lalor operations prior to commencement of commercial production will be capitalized.
[2] The 165,000 tonnes of forecast production from the Chisel North mine is anticipated to consist of 108,000 tonnes of zinc ore at 7.1% zinc to be processed at Hudbay's Snow Lake concentrator, and 57,000 tonnes of copper/gold ore to be processed at the Flin Flon concentrator. The expected grade for the copper/gold ore is 2.1 g/t Au, 20.6 g/t Ag, 1.6% Cu and 0.9% Zn.
[3] Forecast unit operating costs are calculated on the same basis as reported unit operating costs in Hudbay's quarterly and annual management's discussion and analysis. For a reconciliation of the costs that are included in unit operating costs to total operating costs in accordance with IFRS, refer to the Non-IFRS detailed cost of sales table in Hudbay's MD&A for the year ended December 31, 2011.

2012 Operating Guidance – Zinc plant

Flin Flon

		Guidance 2012
Zinc concentrate treated		
Domestic	tonnes	164,000
Purchased	tonnes	56,000
Total	tonnes	**220,000**
Recovery	%	97
Zinc produced	tonnes	113,000
Unit operating costs[1]	**C$/lb**	**$0.32 - 0.37**

[1] Forecast unit operating costs are calculated on the same basis as reported unit operating costs in Hudbay's quarterly and annual management's discussion and analysis. For a reconciliation of the costs that are included in unit operating costs to total operating costs in accordance with IFRS, refer to the Non-IFRS detailed cost of sales table in Hudbay's MD&A for the year ended December 31, 2011.

2012 Capital expenditures

Committed to $576 million in capital expenditures to grow production profile

(figures in C$ millions)	Actual 2011	Guidance 2012
Growth		
Lalor	157	147
Constancia	44	482[1]
Back Forty	4	2
Reed	-	34
777 North	8	6
Fenix[2]	7	-
Total growth capital	219	671
Sustaining	60	95
Less: capital accruals	(25)	
Total capital expenditures	**$255**	**$766**

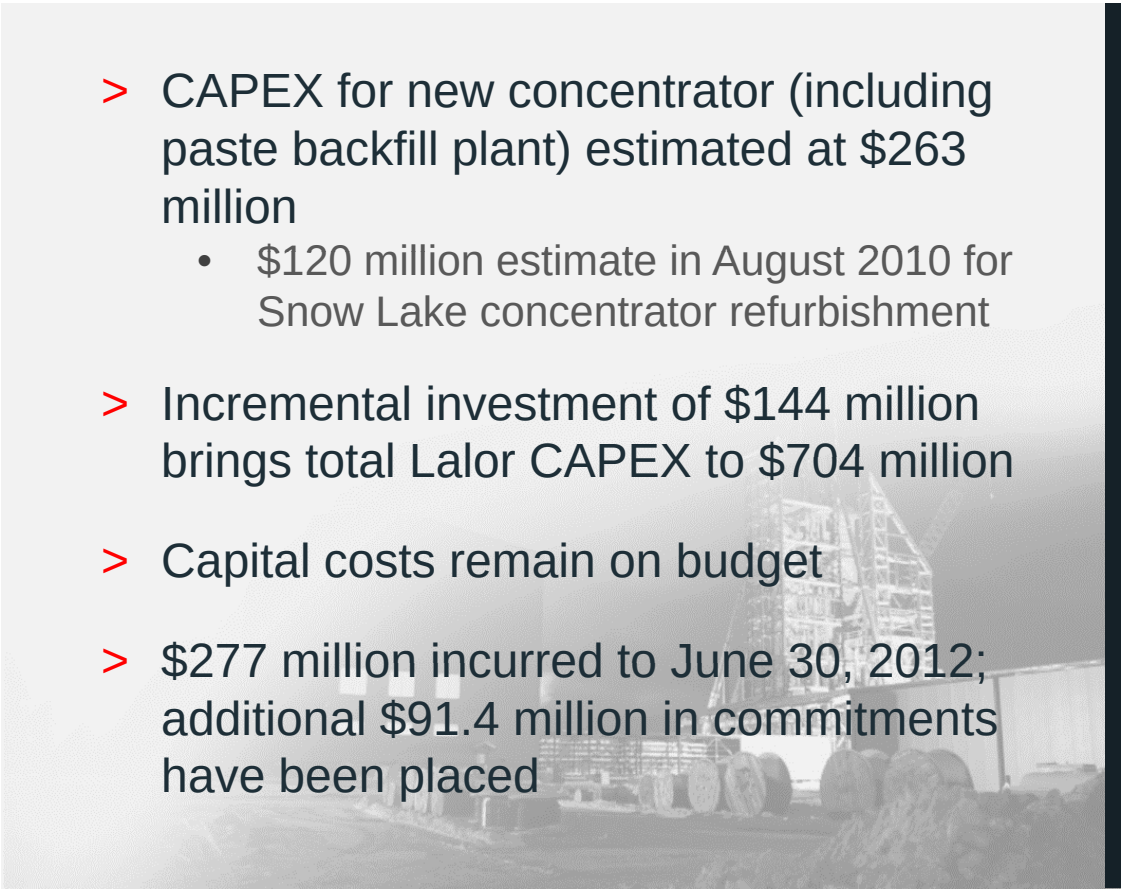
[1] Constancia CAPEX reflects capital spent in Q1 and Q2 2012 and expected remaining capital spending in Q3-Q4 2012
[2] On September 9, 2011, Hudbay completed the sale of the Fenix project to the Solway Group

2012 Exploration Expenditures

($ millions)	Total
Manitoba	31
South America	13
Other North America	10
Total exploration expenditures	54
Manitoba capitalized spending	(5)
Total exploration expenses	**$49**

Lalor project guidance

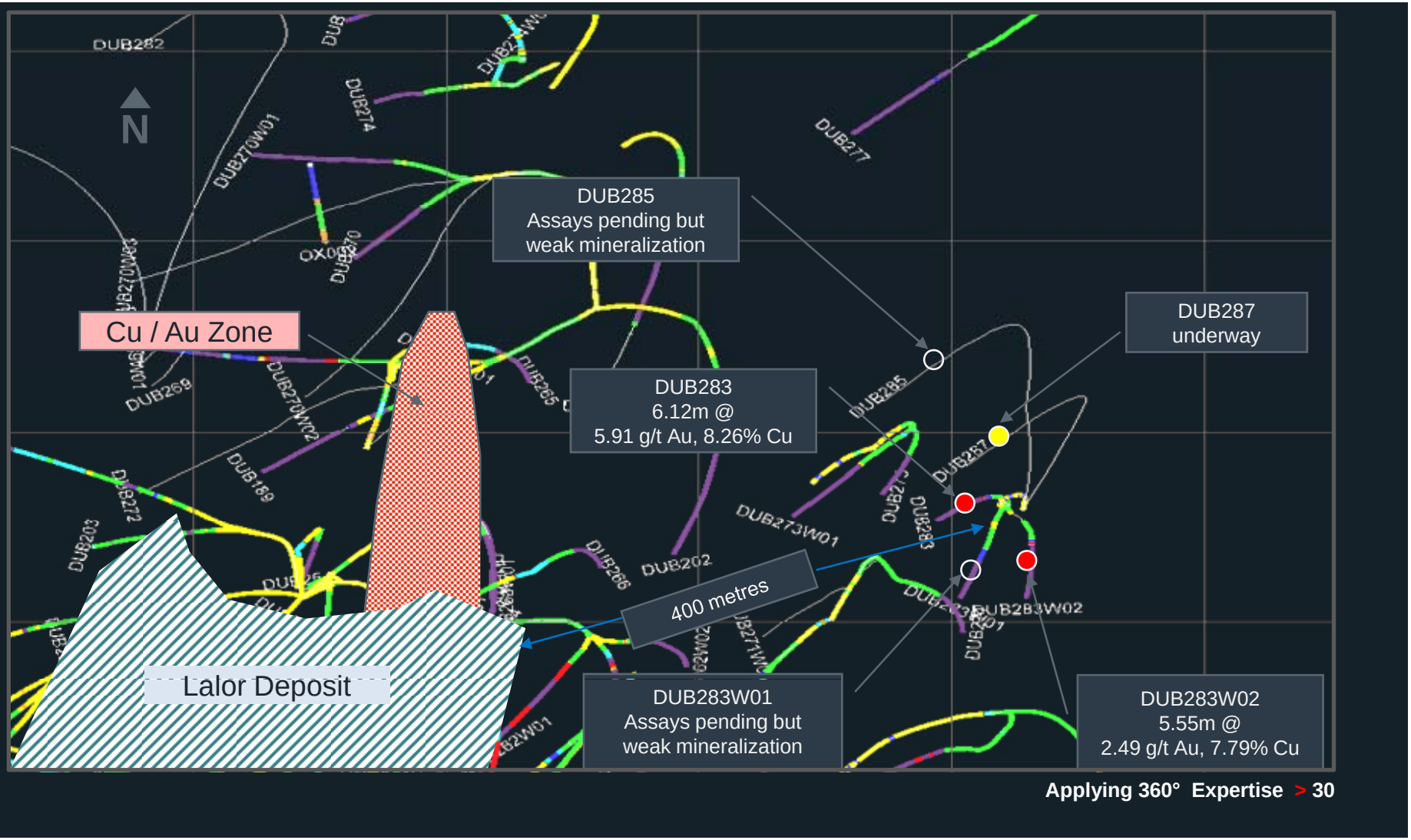
- CAPEX for new concentrator (including paste backfill plant) estimated at $263 million
  - $120 million estimate in August 2010 for Snow Lake concentrator refurbishment
- Incremental investment of $144 million brings total Lalor CAPEX to $704 million
- Capital costs remain on budget
- $277 million incurred to June 30, 2012; additional $91.4 million in commitments have been placed



Q3 – Q4 2012	$76 million
2013	$200 million
2014	$151 million
Total future capital spending	$427 million
Total spent in 2010/2011	$206 million
Total spent in Q1 & Q2 2012	$71 million
TOTAL	$704 million

Lalor – Plan View Drill Results

February 27, 2012



Benefits of Lalor Project Optimization[1]

	Optimized Lalor	Lalor – Aug. 4, 2010
Construction CAPEX	C$ 704M	C$ 560M
Annual Sustaining CAPEX	C$ 22M	C $15M
Production Rate	4,500 tpd	3,500 tpd
Mining Costs	$36 per tonne	$56 per tonne
Milling Costs	$16 per tonne	$24 per tonne
Metallurgy	95% Zn 86% Cu 66% Au 60% Ag	95% Zn 90% Cu 80% Au 75% Ag

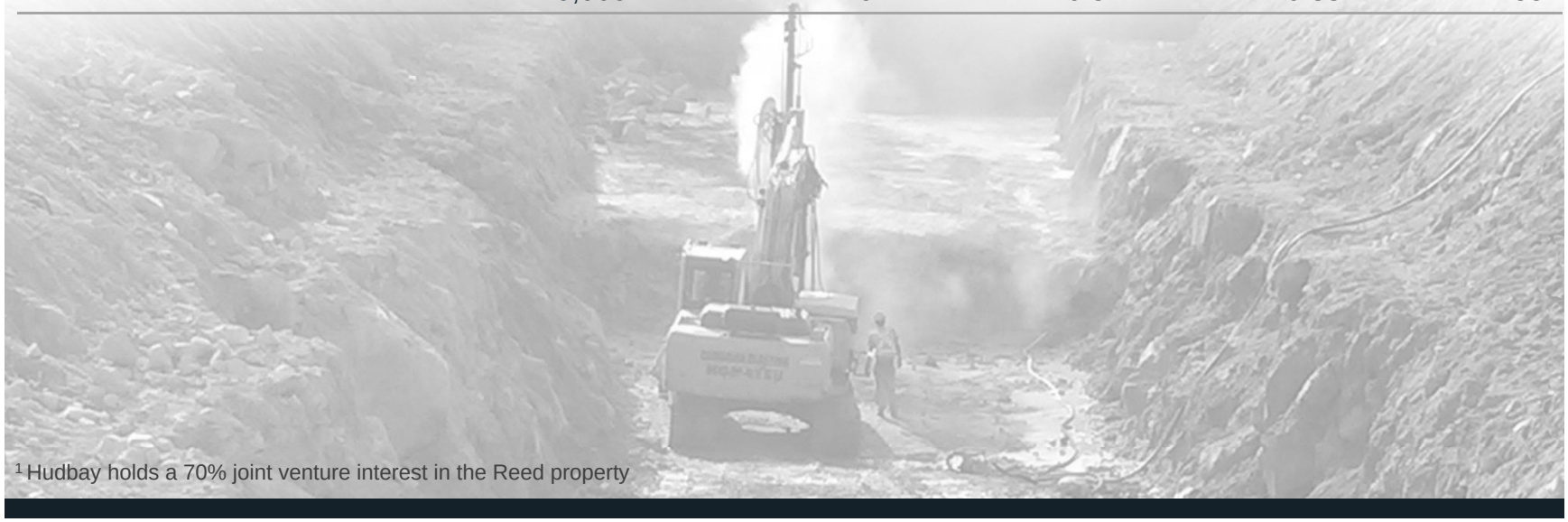
[1] All cost projections reflect current estimates

Decision to construct a gold plant will be made before higher grade gold mineralization is mined

Reed Copper Project[1]

Mineral Reserves as at March 30, 2012
Mineral Resources as at March 15, 2011

Category	Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Probable	2,157,000	3.83	0.59	0.48	6.02
Inferred	170,000	4.26	0.52	0.38	4.55



[1] Hudbay holds a 70% joint venture interest in the Reed property

Constancia Project

- Unlevered IRR of 14.5% based on capital cost estimate
- Net present value of $571 million, assuming a discount rate of 8.0% and $2.75/lb copper

	Base Case[1]	Copper Prices +10%[2]	Copper Prices -10%[2]
Long-Term Copper Price	US$2.75/lb	US$3.03/lb	US$2.48/lb
IRR – Unlevered	14.5%	17.3%	11.5%
IRR – With Silver Stream	15.9%	19.3%	12.1%
NPV – Unlevered	C$571 M	C$851 M	C$289 M

[1] Base case assumed metal prices are as follows: Copper (2014-US$3.40/lb, 2015-US$3.30/lb, 2016-US$3.10/lb, Long-Term-US$2.75/lb); Gold (2014-US$1,550/oz, 2015-US$1,450/oz, 2016-US$1,350/oz, Long-Term-US$1,150/oz); Silver (2014-US$30/oz, 2015-US$28/oz, 2016- US$24/oz, Long-Term-US$23/oz);Molybdenum (2014-US$15/oz, 2015-US$15/oz, 2016-US$14.50/oz, Long-Term-US$14/oz);CAD/USD (2014-C$1.01/US$, 2015-C$1.02/US$, 2016-C$1.05/US$, Long-Term-C$1.05/US$)

[2] Copper prices are increased/decreased by respective percent in every year of forecast.

Constancia Capital Spending

($ millions)	
Q3 – Q4 2012	391
2013	964
2014	100
Total future capital spending	**1,455**
Total spent in Q1 and Q2 2012	91
Total	**1,546**

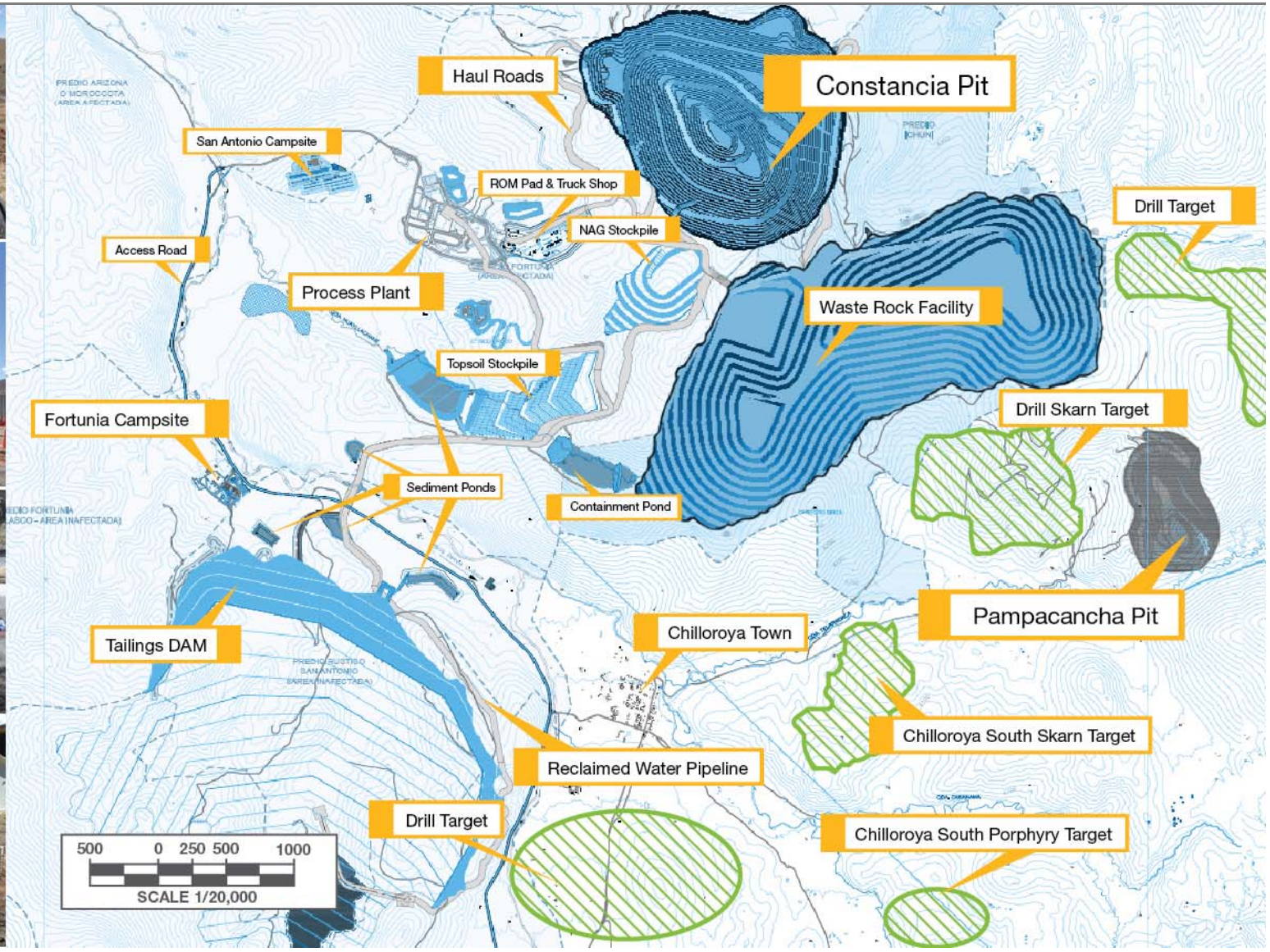
Constancia Key Metrics

Project Costs	Unit	Life of Mine
Mining Costs / tonne ore[1]	US$/t	2.97
Milling Cost / tonne ore	US$/t	4.47
G&A Costs / tonne ore	US$/t	1.11
Average Annual Sustaining CAPEX	M US$	40

Project Economics		
NPV of C$ FCF (@ 8% discount and LT Cu of $2.75/lbs)	M C$	571
IRR	%	14.5
IRR – with Silver Stream	%	15.9

[1] Includes cost of waste removal

Constancia Project - Site Plan and Layout



Constancia Regional Infrastructure – Port

- Constancia is ~475km from Matarani Port by road, already more than half paved
- Matarani Port located 120km from Arequipa by paved highway
- The port is a deep sea port managed by a private group
- Used by other mining companies
- Currently formalizing expansion plans

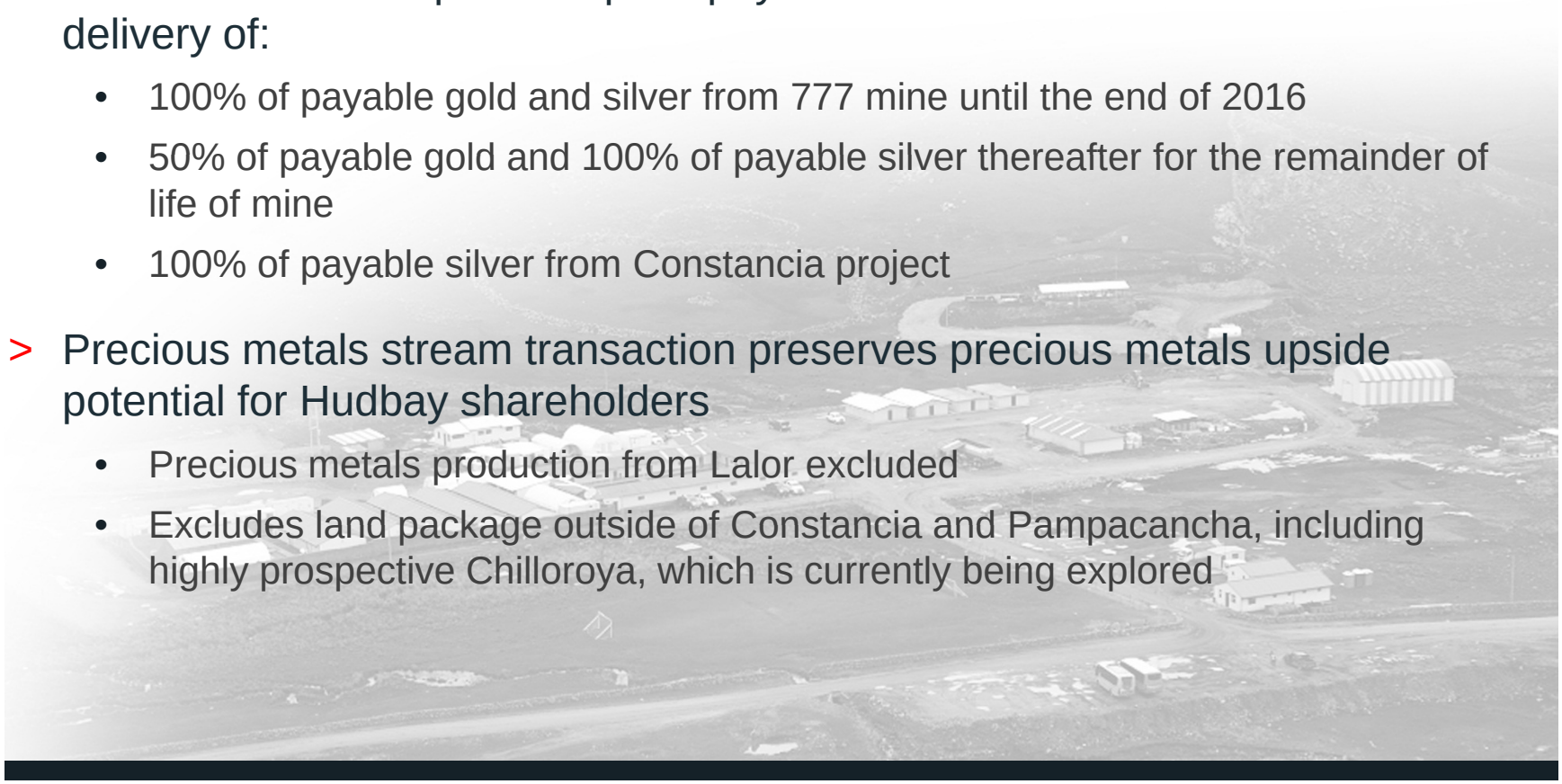
Constancia Production Profile

High tonnage with low cash costs

- 2015 – 2019: annual copper metal in concentrate expected to average 118,000 t
- 2020 – 2030: annual copper metal in concentrate expected to average 77,000 t
- Cash costs of production expected to average: $0.66/lb of copper for first 5 years; $1.11/lb thereafter

Precious Metals Stream Overview

- US$750 million in upfront deposit payments from Silver Wheaton for delivery of:
  - 100% of payable gold and silver from 777 mine until the end of 2016
  - 50% of payable gold and 100% of payable silver thereafter for the remainder of life of mine
  - 100% of payable silver from Constancia project
- Precious metals stream transaction preserves precious metals upside potential for Hudbay shareholders
  - Precious metals production from Lalor excluded
  - Excludes land package outside of Constancia and Pampacancha, including highly prospective Chilloroya, which is currently being explored



Constancia Reserves Overview

Growth in Reserves

Constancia Mineral Reserves – August 8, 2012						
Category	Ore (M tonnes)	Cu (%)	Mo (g/t)	Ag (g/t)	Au (g/t)	CuEq[1] (%)
Proven	349	0.37	100	3.29	0.043	0.49
Probable	54	0.24	60	2.98	0.035	0.33
Total	**403**	**0.35**	**96**	**3.25**	**0.042**	**0.47**

Pampacancha Mineral Reserves – August 8, 2012						
Category	Ore (M tonnes)	Cu (%)	Mo (g/t)	Ag (g/t)	Au (g/t)	CuEq[1] (%)
Proven	10	0.54	170	4.20	0.318	0.87
Probable	37	0.46	140	4.56	0.276	0.76
Total	**47**	**0.48**	**149**	**4.49**	**0.285**	**0.78**

[1] Not accounting for recovery

Constancia Resources Overview

Exclusive of Reserves

Constancia Mineral Resources[1] - November 2, 2011						
Category	M (tonnes)	Cu (%)	Mo (g/t)	Ag (g/t)	Au (g/t)	CuEq[2] (%)
Measured	119	0.23	62	2.3	0.038	0.31
Indicated	344	0.20	58	2.0	0.034	0.27
Total	**463**	**0.21**	**59**	**2.0**	**0.035**	**0.28**
Inferred	219	0.19	49	1.8	0.032	0.25

Pampacancha Mineral Resources[3] – April 2, 2012						
Category	M (tonnes)	Cu (%)	Mo (g/t)	Ag (g/t)	Au (g/t)	CuEq[2] (%)
Inferred	4	0.41	103	6.2	0.207	0.67

[1] The Constancia mineral resources are reported at 0.12% copper cut-off
[2] Not accounting for recovery
[3] The Pampacancha mineral resources are reported at a 0.20% copper cut-off

Constancia Project Contingency

Capital costs

Area	Base Cost	Contingency & Growth Dollars	Contingency & Growth % of Base $
	$ millions	**$ millions**	
Mining	145	12	8%
Mine Equipment	151	2	1%
Plant	340	57	17%
Heavy Civil Works (TMF & reservoirs)	178	42	24%
Other Infrastructure	117	21	18%
Site Accommodations	96	5	5%
External Infrastructure - Roads & Bridges	49	6	13%
Indirects (non-owner)	146	12	8%
Commissioning and Spares	29	1	3%
Owners	138	-	0%
	1,389	**$157**	**11%**
Less Committed Equipment Prices	($252)		
Less 2012 Non- Equip. Costs Sunk to July 1	($62)		
Project Cost Still At Risk	$1,075	$157	14.6%
Total CAPEX		**$1,546**	

Formalized LOM Agreements with Local Communities

Uchuccarco

> Life of mine agreement in place
> Land rights acquired

Chilloroya

> Life of mine agreement in place
> Land rights acquired
> Relocation process is underway

Committed to community investments

360° RESPONSIBILITY

Hudbay | 2011 Corporate Social Responsibility Report

Applying 360° Expertise > 43

Updated Peru Tax and Royalty Scheme

What has changed?

- Old royalty: 1% – 3% sliding scale royalty on sales (NSR) is being eliminated
- New royalty:1% – 12% marginal rate sliding scale applied on operating profit (EBIT)
  - Equivalent to: 0% – 7.1% effective rate, depending on operating profit margin; minimum royalty = 1% of sales
- New mining tax: 2% – 8.4% marginal rate sliding scale applied to operating profit (EBIT)
  - Equivalent to: 0% – 5.4% effective rate, depending on operating profit margin (i.e. EBIT margin)

What stays the same?

- 0.5% NSR Minera Livitaca and Katanga (capped at US$10 million)
- Labour participation = 8% of pre-tax profits
- 30% corporate income tax rate without a tax stability agreement

Deductible expenses for corporate income tax:

- New royalty AND new mining tax
- Labour participation = 8% of pre-tax profits
- Tax depreciation

Withholding/Dividend Tax:

- 4.1% applies to profits distributed to nonresidents

Legal Stability Agreements

- Guaranteed stability of income tax regime for 15 years

Project De-Risking with Experienced Partners

Stracon GyM

- > Currently operating in Peru
- > Experienced in mining and major earth works
- > Established labour force and operating team
- > Experienced procurement and maintenance
- > Carry over from design, construction to mining

Relevant Experience

- Toromocho
- El Brocal
- Marcona
- La Arena

Ausenco

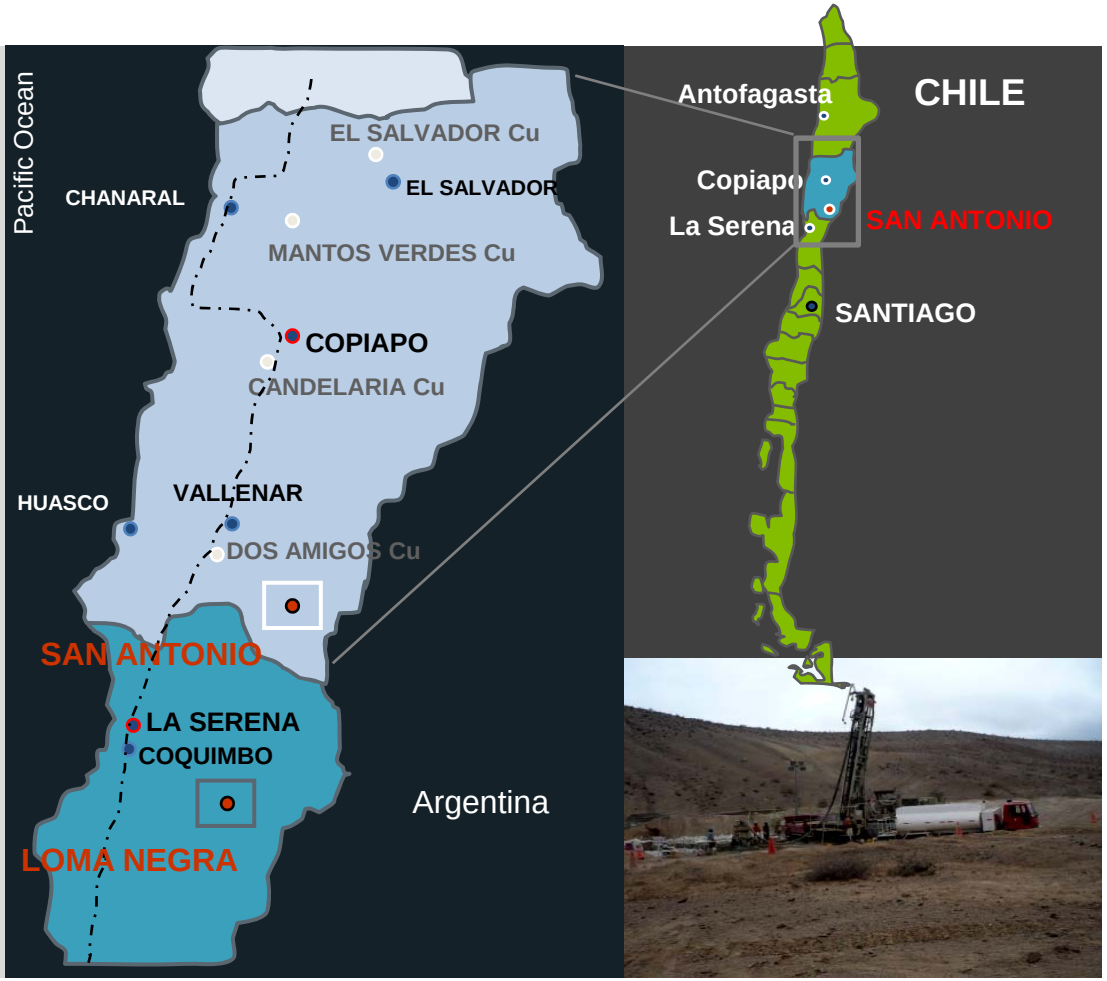
- > Constructed and delivered similar plants in remote locations
- > Assembled sizable team in Latin America
- > Continuation of personnel from FEED to construction

Relevant Experience

- Lumwana
- Phu Kham
- Cadia East

South America – Property Acquisition

- Focus on Chile, Peru and Colombia
- Compilation of geological data at San Antonio
- Regional exploration office opened in Santiago
- Evaluation of early stage exploration opportunities underway



In-mine Manitoba mineral reserves

January 1, 2012

Category	Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
777[1]					
Proven	4,921,000	2.36	4.16	1.97	26.78
Probable	7,464,000	1.64	4.44	1.82	27.86
TROUT LAKE					
Proven	229,000	2.07	1.90	2.06	1.33
CHISEL NORTH-ZINC					
Proven	48,000	-	7.97	-	-
Probable	60,000	-	6.57	-	-
CHISEL NORTH-COPPER					
Probable	57,000	1.49	2.65	2.06	20.58
TOTAL					
Proven	5,198,000				
Probable	7,581,000				

[1] Includes 777 North

Manitoba Mineral Resources

January 1, 2012

Category	Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
777[1]					
Inferred	1,183,000	1.43	5.47	1.96	39.17
Lost[2]					
Indicated	411,000	1.80	6.10	1.00	20.00
Inferred	69,000	1.50	6.20	0.80	16.50
Total					
Indicated	411,000	1.80	6.10	1.00	20.00
Inferred	1,252,000	1.43	5.51	1.90	37.92

[1] Includes 777 North
[2] Lost property mineral resource as at March 4, 2011; Hudbay holds a 51% joint venture interest in the property

Lalor Project

Reserves & resources

Lalor project mineral reserves[1] - March 29, 2012					
Category	**Tonnes**	**Cu** (%)	**Zn** (%)	**Au** (g/t)	**Ag** (g/t)
Base metal					
Probable reserves	12,591,000	0.63	7.92	1.55	23.81
Gold zone					
Probable reserves	1,841,000	0.38	0.38	3.99	21.77
Total					
Reserves	14,432,000	0.60	6.96	1.86	23.55

Lalor project mineral resources - September 30, 2011					
Category	**Tonnes**	**Cu** (%)	**Zn** (%)	**Au** (g/t)	**Ag** (g/t)
Base metal					
Inferred	3,817,000	0.60	9.09	1.20	22.15
Gold zone					
Inferred	7,338,000	0.41	0.32	4.64	31.35
Copper-gold zone					
Inferred	1,461,000	4.15	0.31	6.80	20.33
Total					
Inferred	12,616,000	0.90	2.97	3.85	27.29

[1] The weighted average (based on planned production tonnage) price from 2012 to 2016 used in the Lalor pre-feasibility study for mineral reserve estimation for zinc was US$1.11 per pound (includes premium), the copper price was US$3.12 per pound, the gold price was US$1,399 per ounce and the silver price was US$27.28 per ounce using an exchange of 1.03 C$/US$. Post 2016 the mineral reserve estimation used a zinc price of US$1.00 per pound (includes premium), a copper price of US$2.75 per pound, a gold price of US$1,100 per ounce and a silver price of US$22 per ounce using an exchange of 1.05 C$/US$.

Reserves and Resources

- To estimate mineral reserves, measured and indicated mineral resources were first estimated in a 12-step process, which includes determination of the integrity and validation of the data collected, including confirmation of specific gravity, assay results and methods of data recording. The process also includes determining the appropriate geological model, selection of data and the application of statistical models including probability plots and restrictive kriging to establish continuity and model validation. The resultant estimates of measured and indicated mineral resources are then converted to proven and probable mineral reserves by the application of mining dilution and recovery, as well as the determination of economic viability using full cost analysis. Other factors such as depletion from production are applied as appropriate.

- Estimated inferred mineral resources within our mines were estimated by a similar 12-step process, used to estimate measured and indicated resources.

- The zinc price used for mineral reserve and resource estimations for the Manitoba mines was US$1.00 per pound (includes premium), the copper price was US$2.75 per pound, the gold price was US$1,100 per ounce and the silver price was US$22 per ounce using an exchange of 1.05 C$/US$.

Reserves and Resources

> The technical and scientific information in this news release related to the Constancia project has been approved by Cashel Meagher, P. Geo, Hudbay's Vice-President, South America. The technical and scientific information related to all other sites and projects contained in this news release has been approved by Robert Carter, P. Eng, Hudbay's Director, Technical Services. Mr. Meagher and Mr. Carter are qualified persons pursuant to NI 43-101.

> Please refer to Hudbay's Annual Information Form and Management's Discussion and Analysis for the year ended December 31, 2011 and applicable technical reports in respect of the properties filed on SEDAR for further information.

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