



## Creating Sustainable Value through High Quality Long Life Deposits

Q1 2012 Conference Call, May 10, 2012

# Forward Looking Information

This presentation contains 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 press release is qualified by this cautionary statement.

Forward-looking information includes, but is not limited to, continued production at our 777, Trout Lake and Chisel North mines, continued processing at our Flin Flon concentrator, Snow Lake concentrator and Flin Flon zinc plant, our ability to develop our Lalor, Constancia and Reed projects and the anticipated scope of, cost of and development plans for, these projects, anticipated timing of our projects and events that may affect our projects (including the timing of decisions by our Board of Directors and governmental authorities), anticipated effect of external factors on revenue, such as commodity prices, anticipated exploration and development expenditures and activities and the possible success of such activities, estimation of mineral reserves and resources, mine life projections, 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 months ended March 31, 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.

# Lalor Project Disclaimer

Hudbay's production decision with respect to Lalor was not based on the results of a pre-feasibility study or feasibility study of mineral resources demonstrating economic or technical viability, because significant portions of the deposit are not able to be classified as a mineral reserve until they can be accessed from underground for additional drilling. Because of this, the production decision was based on mineral resources identified to date and estimates of potential grades and quantities of the gold zone and copper-gold zone, along with other available information, including cost estimates and portions of the engineering design, which have been completed to a level suitable for inclusion in a feasibility study. The preliminary assessment respecting Hudbay's Lalor project is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied that would enable them to be classified as mineral reserves and there is no certainty that the preliminary assessment will be realized. Among the risks associated with the decision to commence production at Lalor is the possibility that the gold zone will not be economically or technically viable, construction timetables, cost estimates and production forecasts may not be realized. The potential quantity and grade of the gold zone and copper-gold zone are conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the targets being delineated as mineral resources.

## Qualified Person

The technical and scientific information in this presentation 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 presentation has been approved by Robert Carter, P. Eng, Hudbay's Manager, Project Evaluation. Mr. Meagher and Mr. Carter are qualified persons pursuant to NI 43-101.

## 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, 2010, available on SEDAR at [www.sedar.com](http://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).



# Q1 2012 Highlights

- Solid quarterly operating results maintains confidence in ability to meet stated guidance
- Earnings Per Share was \$0.05, which included \$0.06 per share in non-cash items
- Operating cash flow increased slightly



2012 MARKS BEGINNING OF TRANSFORMATION TO LOW-COST,  
LONG-LIFE ASSETS

# Top Priorities

## Advancing development assets toward production

- **Lalor**
  - Proceeding on track and on budget
  - First ore-production on schedule for mid-2012
  - Basic engineering for concentrator well underway
  - Orders placed for surface crusher and sag and ball mills
- **Constancia**
  - Front-end engineering and design nearly complete
  - Initial resource at Pampacancha expected to improve project economics
  - Anticipated project schedule remains unchanged
- **Reed**
  - Completed site clearing and levelling for trench, portal and lay down storage area
  - Entire site clearing and new access road complete
  - First ore-production on track



# Strong Financial Performance

Driven by steady production and cost control

(\$000s except per share amounts)	Three Months Ended Mar 31		Year Ended Dec 31	
	2012	2011	2011	2010
Revenue	187,038	177,345	890,817	781,032
Profit before tax	24,579	34,371	209,025	108,669
Profit from continuing operations	7,970	15,870	75,196	40,415
Earnings Per Share	0.05	0.11	(0.92)	0.16
Operating cash flow <sup>(1)</sup>	42,247	41,864	220,313	140,482
Operating cash flow per share <sup>(1)</sup>	0.25	0.27	1.31	0.93

(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 March 31, 2012.

# Steady Production with Low Cash Costs

On track to meet annual guidance

		Three Months Ended Mar. 31, 2012	GUIDANCE <sup>(1)</sup> 2012
<b>Copper</b> <sup>1</sup>	tonnes	10,744	35-40,000
<b>Zinc</b> <sup>1</sup>	tonnes	21,677	70-85,000
<b>Precious Metals</b> <sup>(1,2)</sup>	troy oz.	26,797	85-105,000
<b>Unit Operating Costs</b>			
<b>777</b>	\$/tonne	\$42.49	\$38 - \$42
<b>Trout Lake</b>	\$/tonne	\$65.09	\$60 - \$74
<b>Chisel North</b>	\$/tonne	\$106.49	\$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.

# Lalor Construction Advancing Well

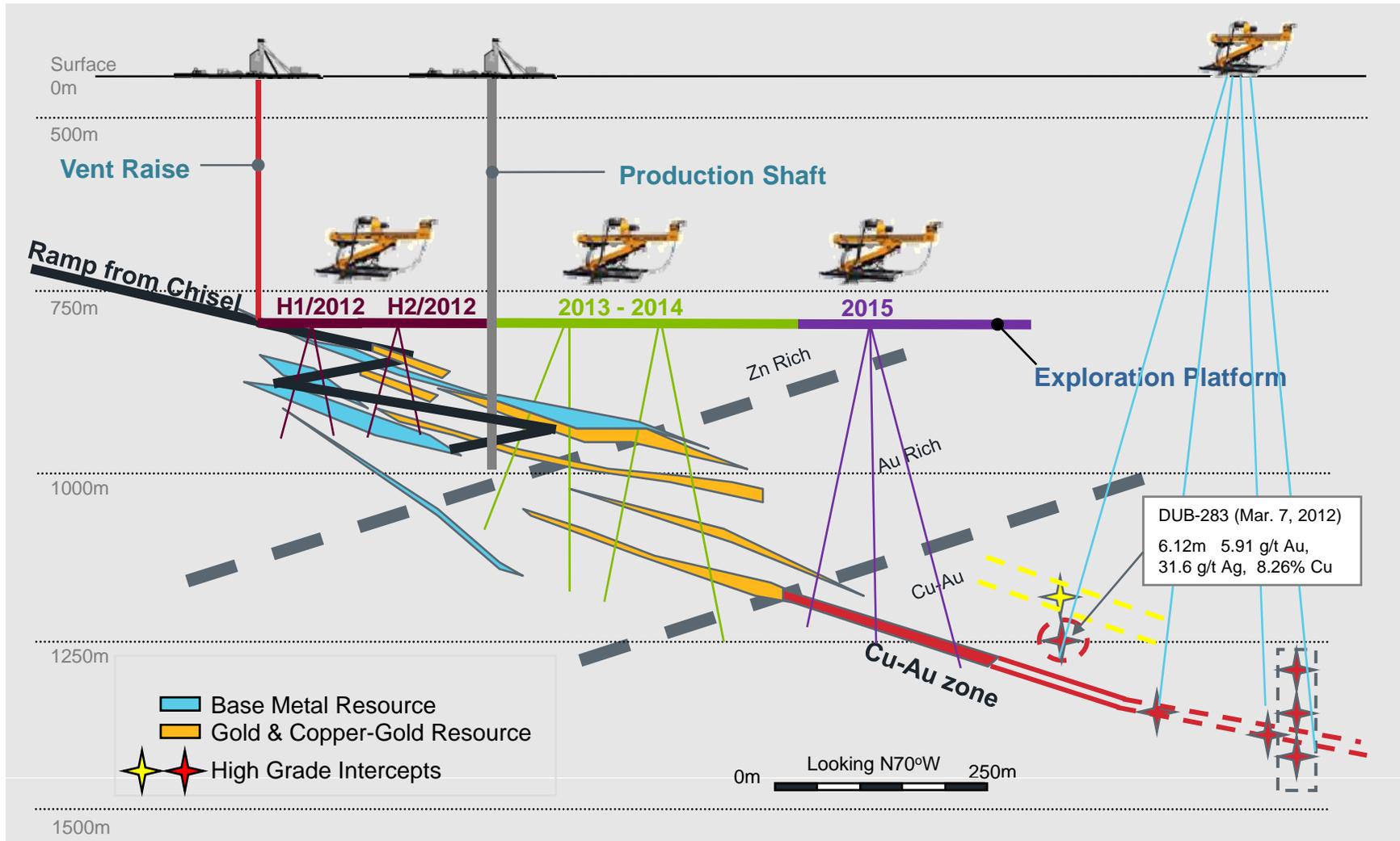
Initial production remains on target and expected by mid-2012

- Invested \$245 million to date; additional \$98.5 million in commitments has been placed
- Development work completed on 795, 810 and 825 levels
- Ventilation shaft now sunk to ~700 metres; expected to reach ultimate depth by July 2012
- Basic engineering for concentrator underway; orders placed for surface crusher and sag and ball mills



# Lalor

## New Cu-Au mineralization discovered



# Constancia

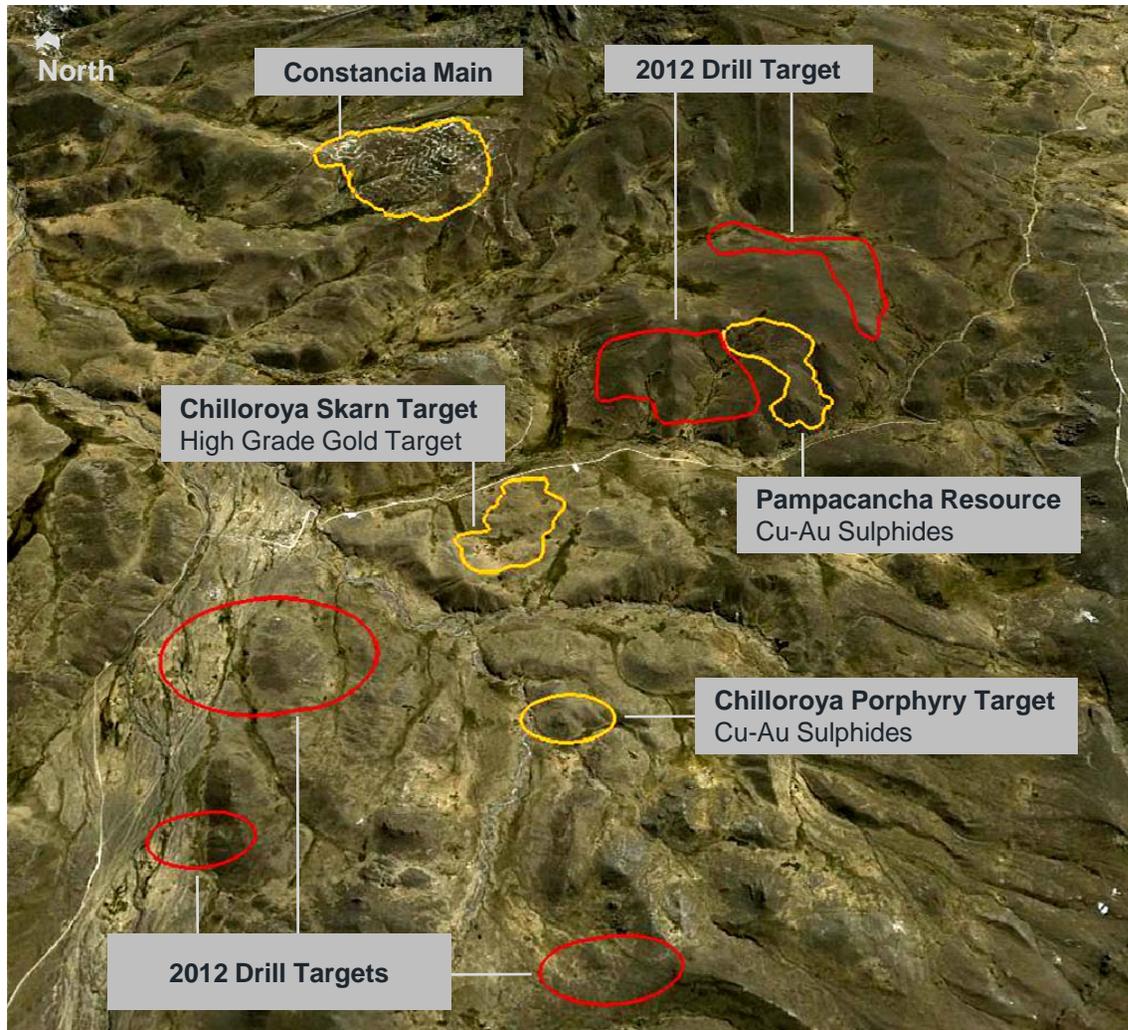
Anticipated project schedule currently remains unchanged

- Design work has brought about changes to previous project design:
  - Annual ore production capacity increase to 28.2 million tonnes per year
  - Expected increase in the in-pit reserve to incorporate more economic mineralization
- Fixed price orders and supplier commitments for over US\$223 million in project equipment; invested US\$32 million in capital expenditures during Q1 2012



# Constancia Exploration Program

New target anomalies identified for testing during 2012 drill campaign



- 30,000 metre drill program planned, focused on expanding Pampacancha resource
- Promising targets identified through geophysics work indicated large anomaly to the west of Pampacancha
- Drilling at Chilloroya South to begin in May 2012 with two drills
  - Area demonstrates classic signs of large porphyry system

# Reed Copper Project

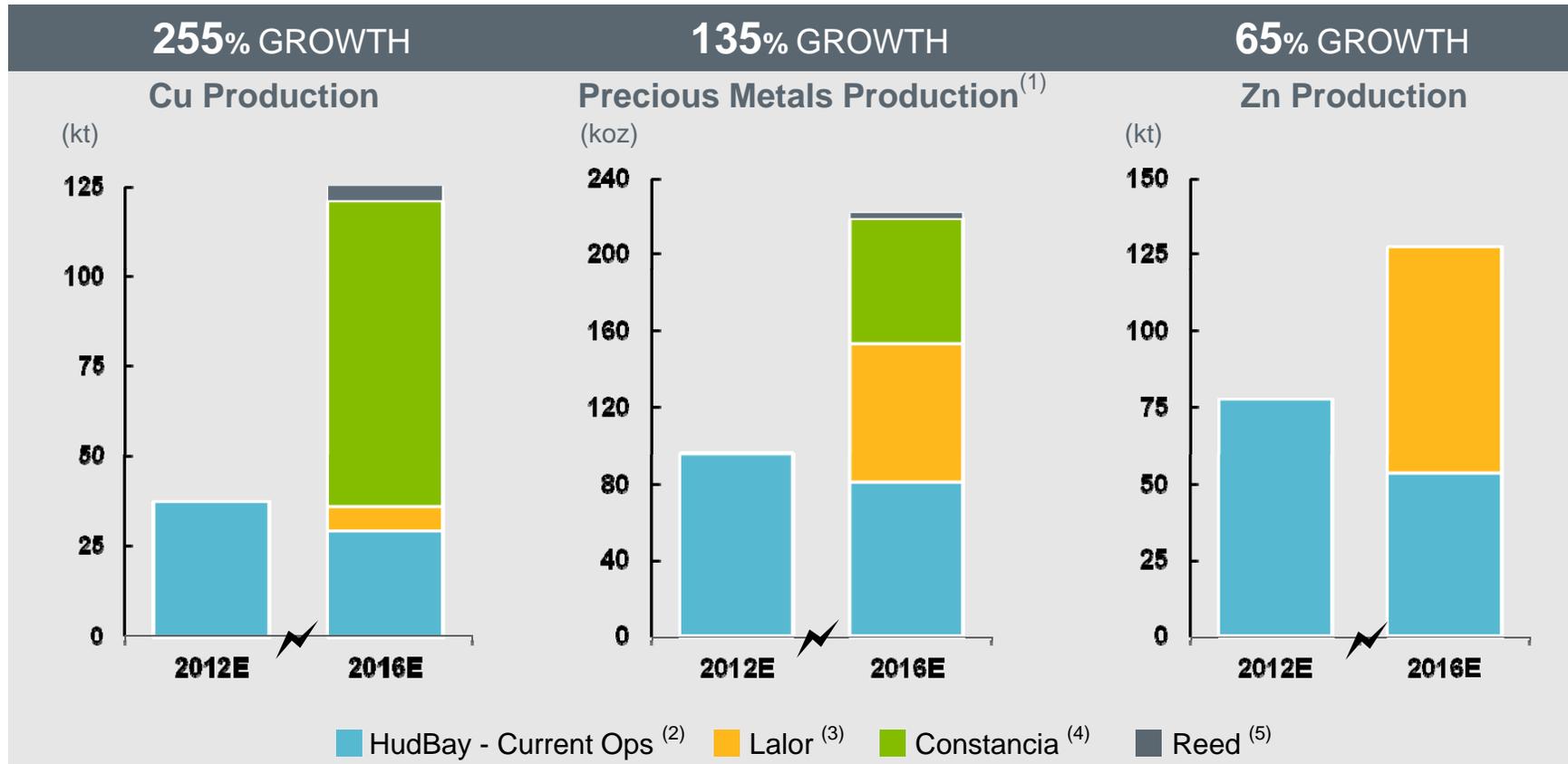
## Construction Continues; Trench Grouting Program Begins

- Site clearing and levelling for trench, portal and lay down storage area completed
- Construction office trailer has been set-up at site
- Completed entire site clearing and new access road
- First ore production expected by the fourth quarter of 2013



# Leading Production Growth

Focus in 2012 is continued progress of development stage assets



(1) 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.

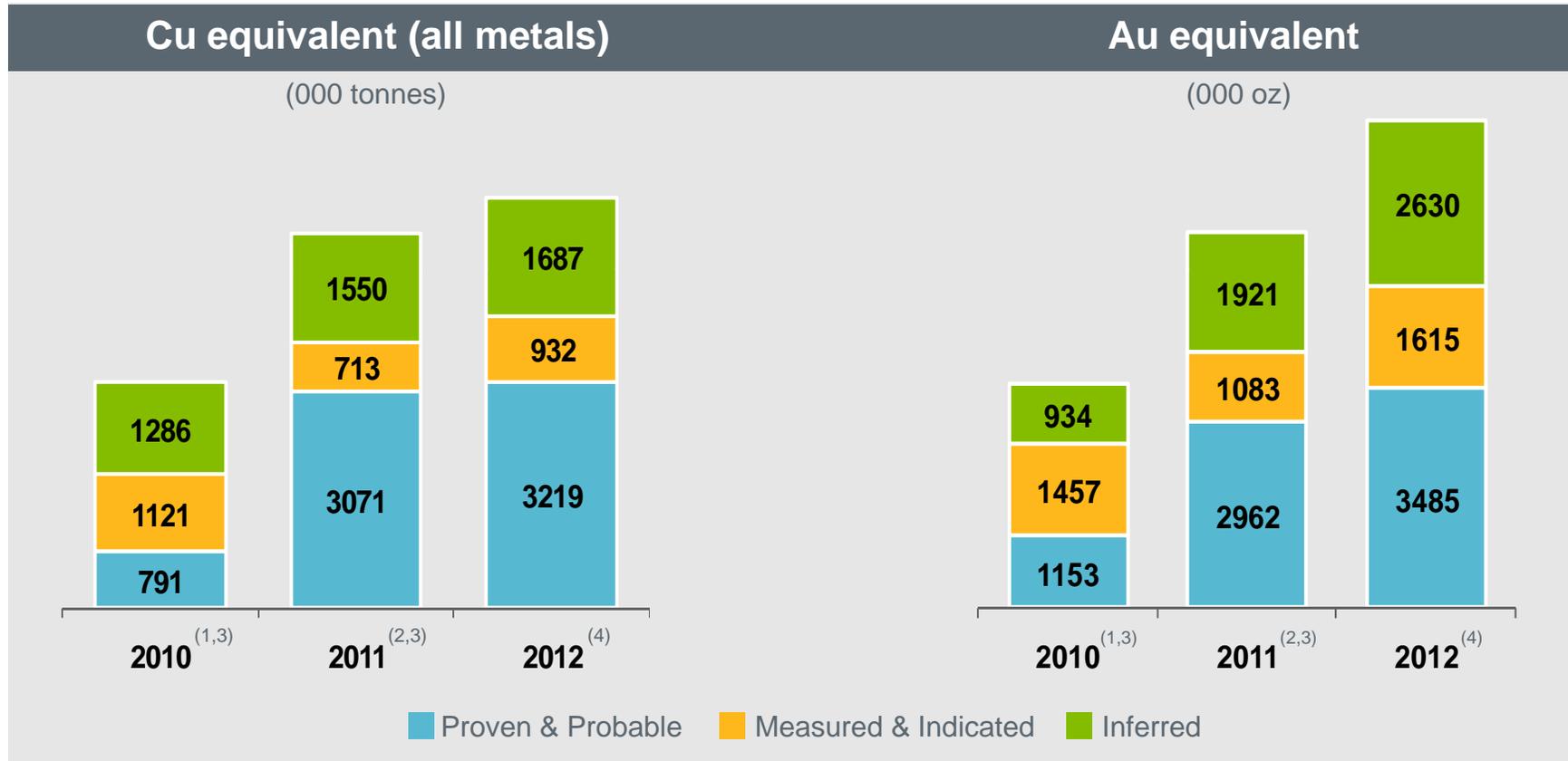
(3) Lalor's anticipated 2016 gold equivalent production includes production from the inferred gold and copper-gold resources

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

(5) Reflects 70% attributable production to HudBay.

# Delivering Leverage Through Reserve Growth

Exploration success increased all categories of reserves and resources



- (1) Hudbay reserves and resources as of January 1, 2010, from continuing operations. Measured and Indicated Resources do not include any Proven and Probable Reserves.  
 (2) Hudbay reserves and resources as of March 31, 2011 from continuing operations. Measured and Indicated Resources do not include any Proven and Probable Reserves.  
 (3) In-situ value calculated using commodity prices of US\$900/oz Au, US\$0.95/lb Zn, US\$2.50/lb Cu and US\$12.00/lb Mo; silver converted to gold at ratio of 60:1.  
 (4) In-situ value 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

# 2012 Exploration Priorities & Opportunities

## Manitoba

- Surface exploration drill program at Lalor
- Underground drilling at Lalor
- \$31 million allocated toward exploration efforts in Flin Flon Greenstone Belt

## Peru

- 30,000 metre drill program planned
- Two drills to resume at Pampacancha, which remains open in all directions
- Exploration to begin at Chilloroya South in May 2012 with two drills

## Pipeline of Early Stage Opportunities

- Minority equity positions in 18 exploration and development opportunities
- Value ~\$100 million as at March 31, 2012



TRACK RECORD POSITIONS HUBBAY TO DELIVER PER SHARE VALUE  
UPON EXPANSION



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