



Constancia Site Visit Presentation

October 2013

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 presentation, 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” or “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, continued production at Hudbay’s 777 and Lalor mines, continued processing at the company’s Flin Flon concentrator, Snow Lake concentrator and Flin Flon zinc plant, Hudbay’s ability to develop its Lalor, Constancia and Reed projects and the anticipated scope and cost of and development plans for, these projects, including the re-estimated capital costs and associated project economics for Constancia, refurbishment of the Snow Lake concentrator and deferral of construction of the new Lalor concentrator, anticipated timing of Hudbay’s projects and events that may affect the company’s projects, Hudbay’s expected expenditure reductions, Hudbay’s expectation that it will receive the remaining US\$125 million deposit payment under the precious metals stream transaction with Silver Wheaton Corp., Hudbay’s expectation that it will complete committed financing transactions, the 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 the company 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 Hudbay identified and were applied by the company 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 Hudbay produces; the volatility of commodity prices; the volatility in foreign exchange rates; the supply and availability of concentrate for Hudbay’s processing facilities; the supply and availability of reagents for Hudbay’s concentrators; the availability of third party processing facilities for Hudbay’s 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 availability of financing for Hudbay’s exploration and development projects and activities; the ability to complete project targets on time and on budget and other events that may affect Hudbay’s ability to develop its projects; the timing and receipt of various regulatory and governmental approvals; the availability of personnel for Hudbay’s exploration, development and operational projects and ongoing employee relations; maintaining good relations with the communities in which Hudbay operates, including the communities surrounding the company’s Constancia project and First Nations communities surrounding the company’s Lalor and Reed projects; no significant unanticipated challenges with stakeholders at Hudbay’s various projects; no significant unanticipated events relating to regulatory, environmental, health and safety matters; no contests over title to Hudbay’s 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; certain tax matters, 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 the company’s projects, depletion of its 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, Hudbay’s ability to comply with the company’s pension and other post-retirement obligations, Hudbay’s ability to abide by the covenants in the company’s debt instruments, as well as the risks discussed under the heading “Risk Factors” in Hudbay’s most recent Annual Information Form and Form 40-F.

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. Hudbay does not assume any obligation to update or revise any forward-looking information after the date of this presentation 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, 2012, available on SEDAR at www.sedar.com and incorporated by reference as Exhibit 99.1 in Hudbay's Form 40-F filed on March 28, 2013 (File No. 001-34244).



Safety

13 LTI's Project to date

0.18 LTI Frequency (200,000 man hours)

High Risk Areas:

- **Vehicle travel – road safety**
- **Weather (lightning) Rainy Season**
- **Trips and Slips uneven ground**
- **Hand safety**
- **Working at heights**

Constancia Timeline & History

- > Acquired Norsemont Mining Inc., owner of the Constancia project, in July 2011 through a combination of approximately 19.8 million shares and \$117 million in cash

November 2010
Environmental Social
Impact Assessment
permit received

April 2012
Initial resource
announced at
higher grade
Pampacancha
deposit

June 2012
Beneficiation
concession permit
received

August 2013
Updated estimate of
capital costs
indicates increase of
approximately 15%

March 2011
US\$116 million
Constancia
pre-construction
program begins

H1 2012
Neighbouring
community
agreements
reached

August 2012
Hudbay's board of
directors approve
construction of
Constancia project

September 2013
EIA Modification 1
approved

Consistent with Acquisition Strategy

M&A Target

Constancia

Focus on Americas, mining favourable jurisdictions



VMS or porphyry deposits with exploration upside



Transaction size of ~20% of market capitalization



Add value through technical expertise and financial capacity



Accretive to in-situ metal value and net asset value per share

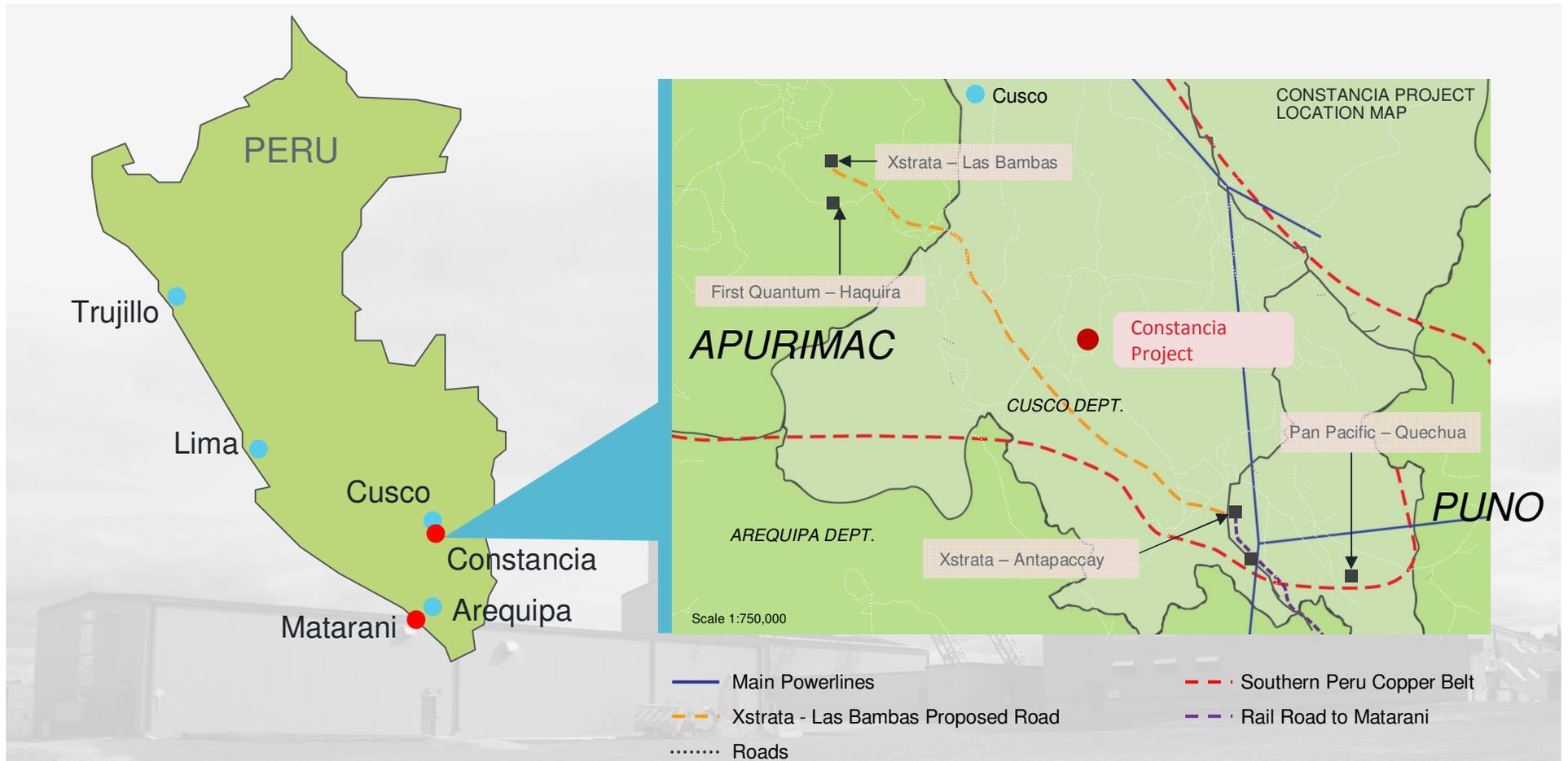


Key permits in place, low cash costs in a highly prospective region

Overview of Constancia



Constancia – Inside a Prolific Copper Belt



Creating a new mining camp in an established district

Constancia Project Summary

- > US\$690 million incurred and entered into additional US\$426 million in commitments to August 31, 2013
- > Preliminary results from re-estimation of project capital costs indicate an increase of ~15%, of which one half would be deferred to the production phase

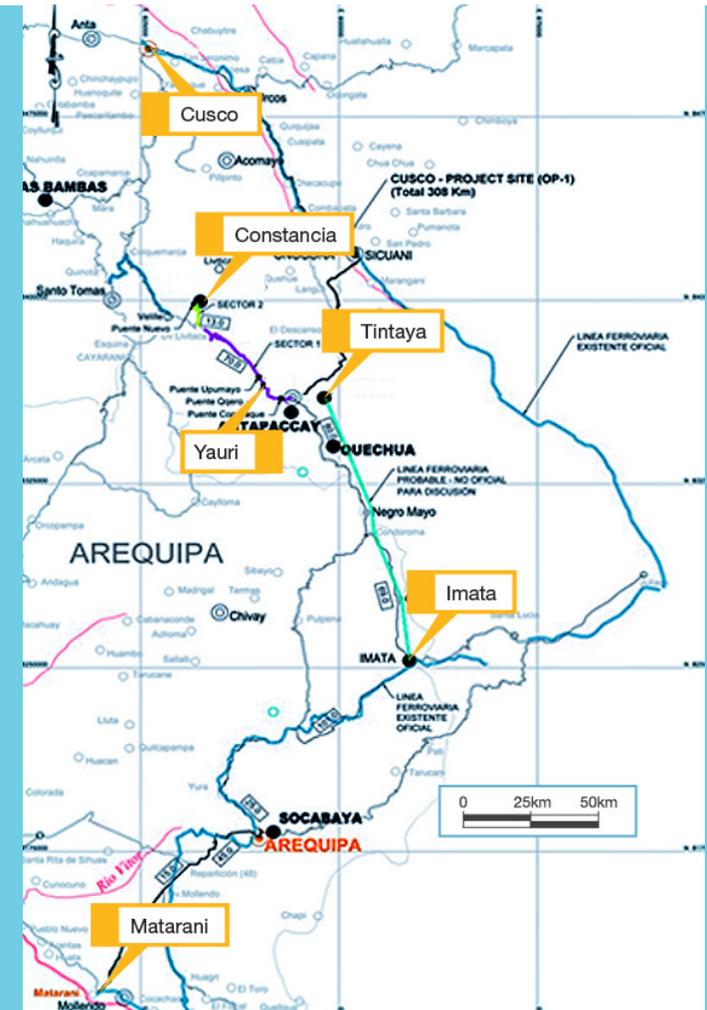


	1-5 Yrs	6-16 Yrs	LOM
Annual throughput (M tonnes)	28.8	27.7	28.1
Avg annual contained Cu in concentrate (000 tonnes)	118	77	90
Avg annual sustaining Capex (US\$ M)	57	32	40
Cash cost per lb of Cu (US\$/lb) ¹	0.84	1.30	1.13

¹ Net of by-products. Includes impact of silver stream. Assumed metal prices per the Silver Wheaton stream agreement are as follows: Gold US\$400.00/oz, Silver \$5.90/oz. Molybdenum (2014-US\$15/oz, 2015-US\$15/oz, 2016-US\$14.50/oz, Long-Term-US\$14/oz);

Access to Existing Infrastructure

- > **83km access road from Yauri**
 - To be upgraded for concentrate haulage post commissioning
- > **Tintaya power substation 70km away**
 - Planned upgrade to 220 kV to be commissioned by Q4 2013
 - Contract executed for construction of power transmission line from Tintaya
- > **Rail-head at Imata 150km away (to provide operational optionality)**
- > **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

Current Schedule at Constancia



Milestones

Process Plant	Completion
Complete Engineering	Q1 2014
Complete Procurement	Q1 2014
Mine dewatering Mechanical Completion	Q2 2014
Copper Plant Mechanical Completion	Q3 2014
Energize Power	Q3 2014
Start Ore Commissioning (Completion of C2)	H2 2014

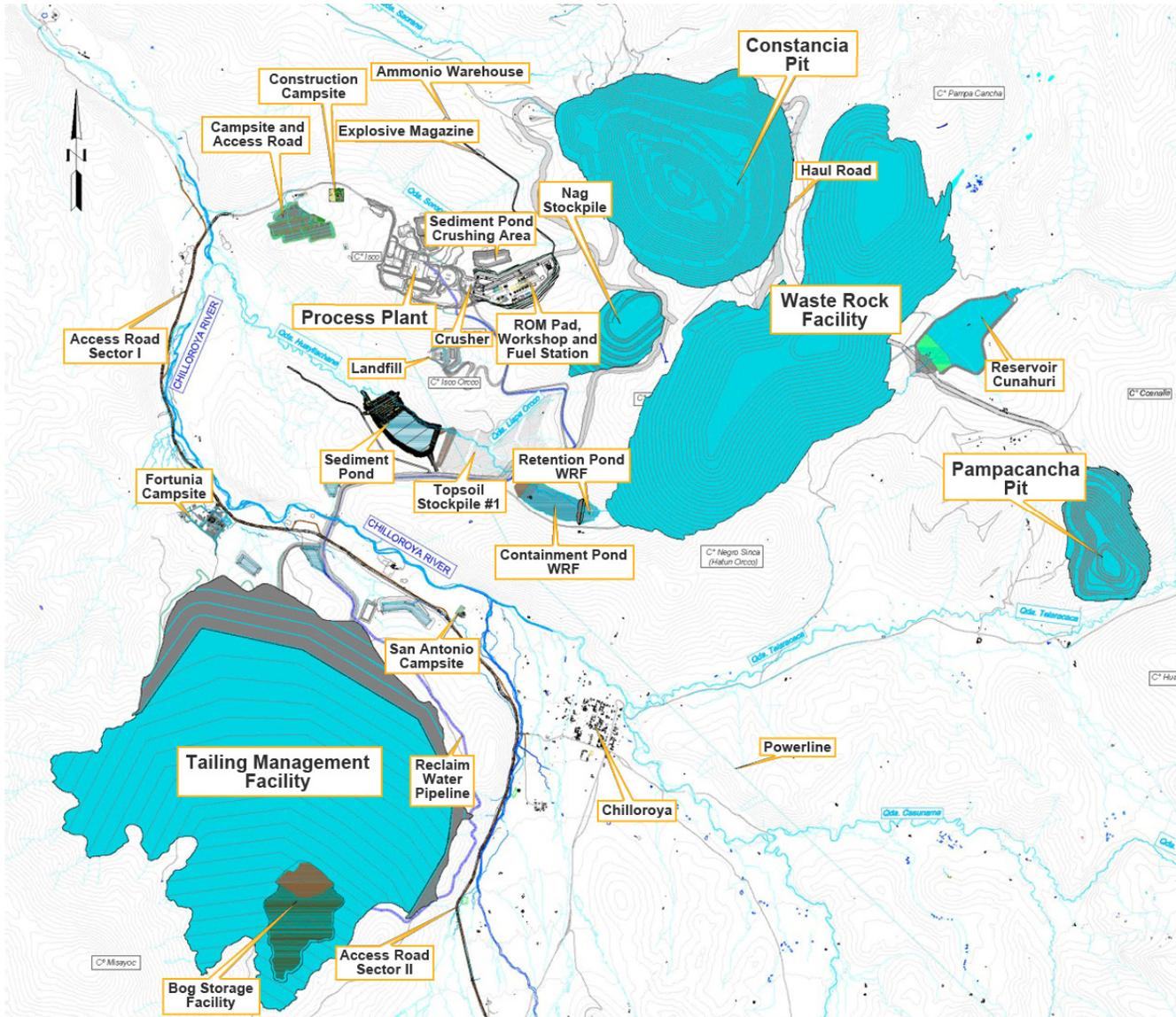
Heavy Civil Works	Forecast as at August 23, 2013
TMF East – complete to El. 4050	Q3 2014
TMF West – complete to El. 4050	Q2 2015
Main Sediment Pond - complete	Q1 2014
Commence Mine Pre-Strip	Q1 2014
Complete Mine Pre-Strip	Q1 2015

Project Completion to August 2013

Category	Weight	% Complete	Percent of Project
EPCM & Other Indirects	14%	51%	7%
Procurement	26%	51%	13%
Construction	48%	26%	13%
Commissioning	1%	0.0%	0.0%
Owners	10%	58%	6%
Project Percent Complete¹			39%

¹Percentage completion estimate reflects updated capital cost expectations.

Constancia Project – Site Plan and Layout

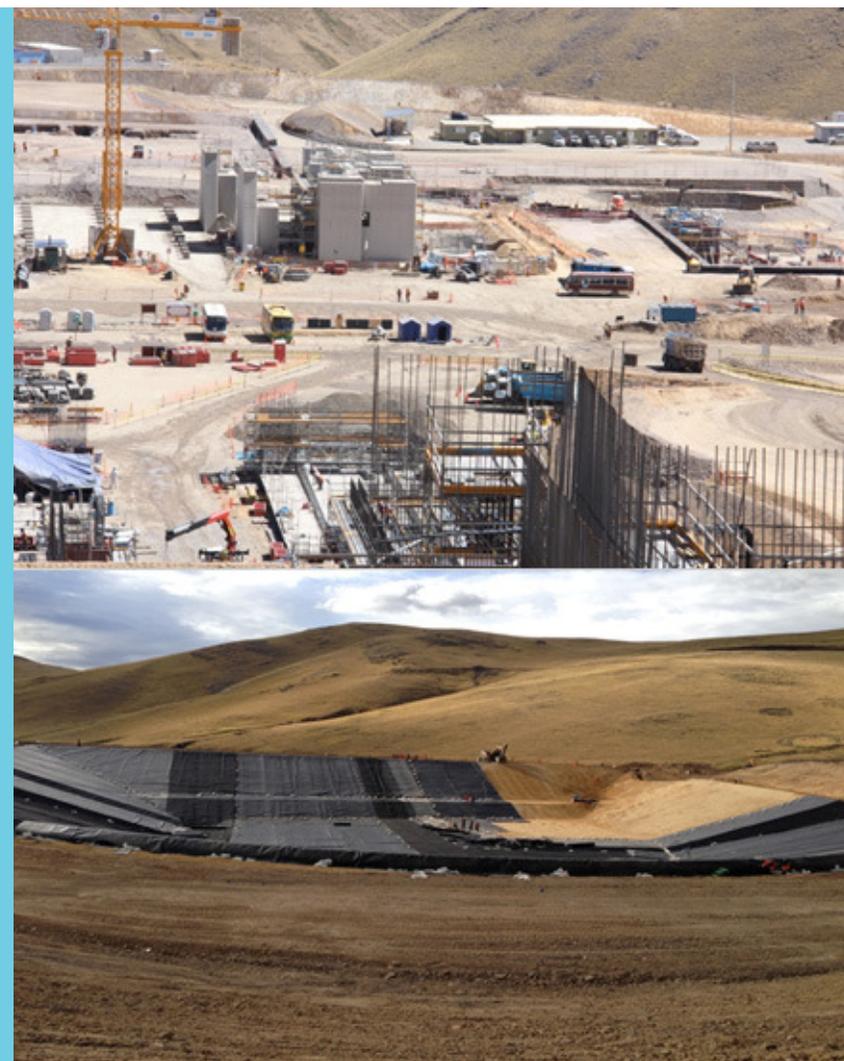


Constancia Production Profile

High tonnage with low cash costs

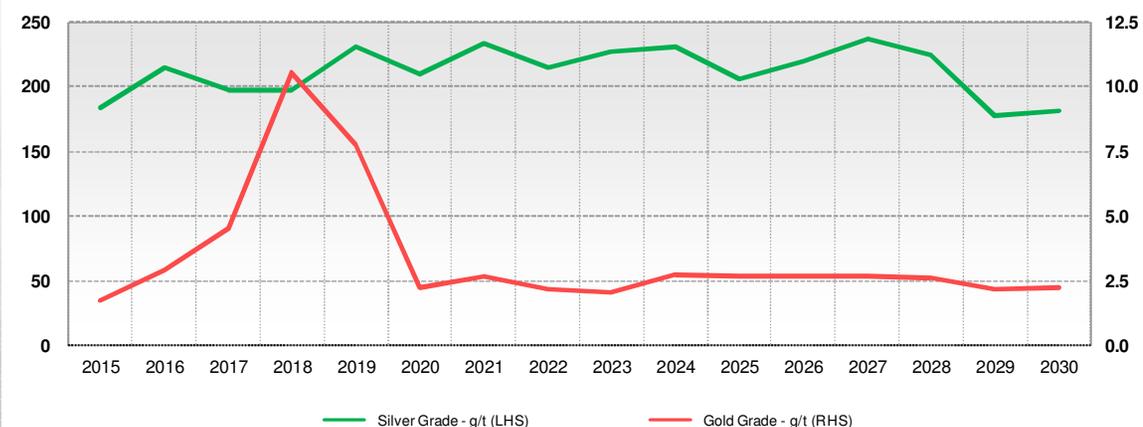
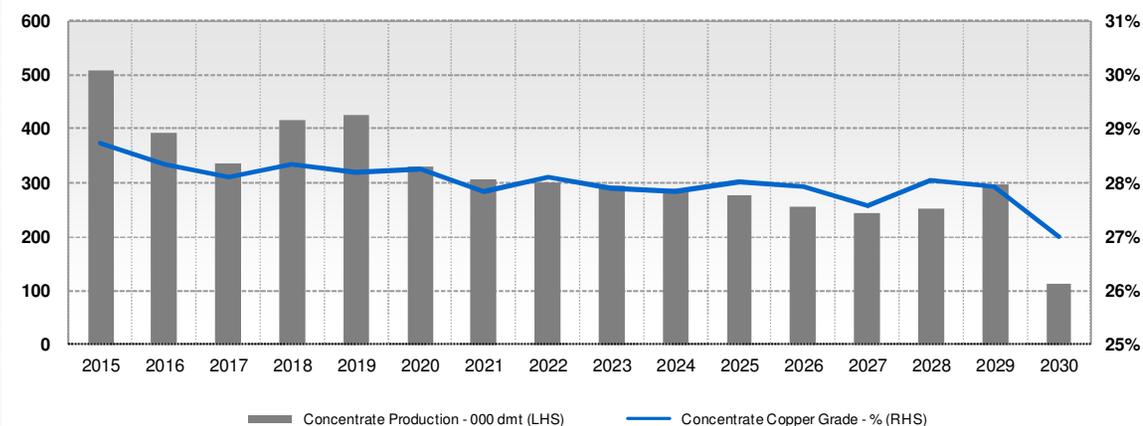
- > 2015 – 2019: annual copper metal in concentrate expected to average 118,000 t
- > 2020 – 2030: annual copper metal in concentrate expected to average 77,000 t
- > Cash costs of production expected to average: \$0.84/lb¹ of copper for first 5 years; \$1.30/lb¹ thereafter

¹ Net of by-products. Includes impact of silver stream. Assumed metal prices per the Silver Wheaton stream agreement are as follows: Gold US\$400.00/oz, Silver \$5.90/oz. Molybdenum (2014-US\$15/oz, 2015-US\$15/oz, 2016-US\$14.50/oz, Long-Term-US\$14/oz);



LOM Constancia Copper Concentrate Specifications

Cu Concentrate Combined		
LOM Volume = 5.1M dmt		
	Range	Ave
Cu (%)	27 – 29	28.1
Ag (g/t)	157 – 273	211
Au (g/t)	1.3 – 13.0	3.7
Zn (%)	1.1 – 4.3	2.4
Pb (%)	0.7 – 2.2	1.4
As (ppm)	<100	<100
Bi (ppm)	<100 to <200	<200
Sb (ppm)	<100	<100
Hg (ppm)	0.1 to 0.5	~0.4
Ni (ppm)	11 to 24	~12
Co (ppm)	0 to 100	50
Cd (ppm)	90 to 140	120
Fe (%)	22.4 to 23.8	22.9
S (%)	28.0 to 33.4	28.35



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

¹ Includes cost of waste removal

**Heavy Civil Works
Engineering /
Construction**



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

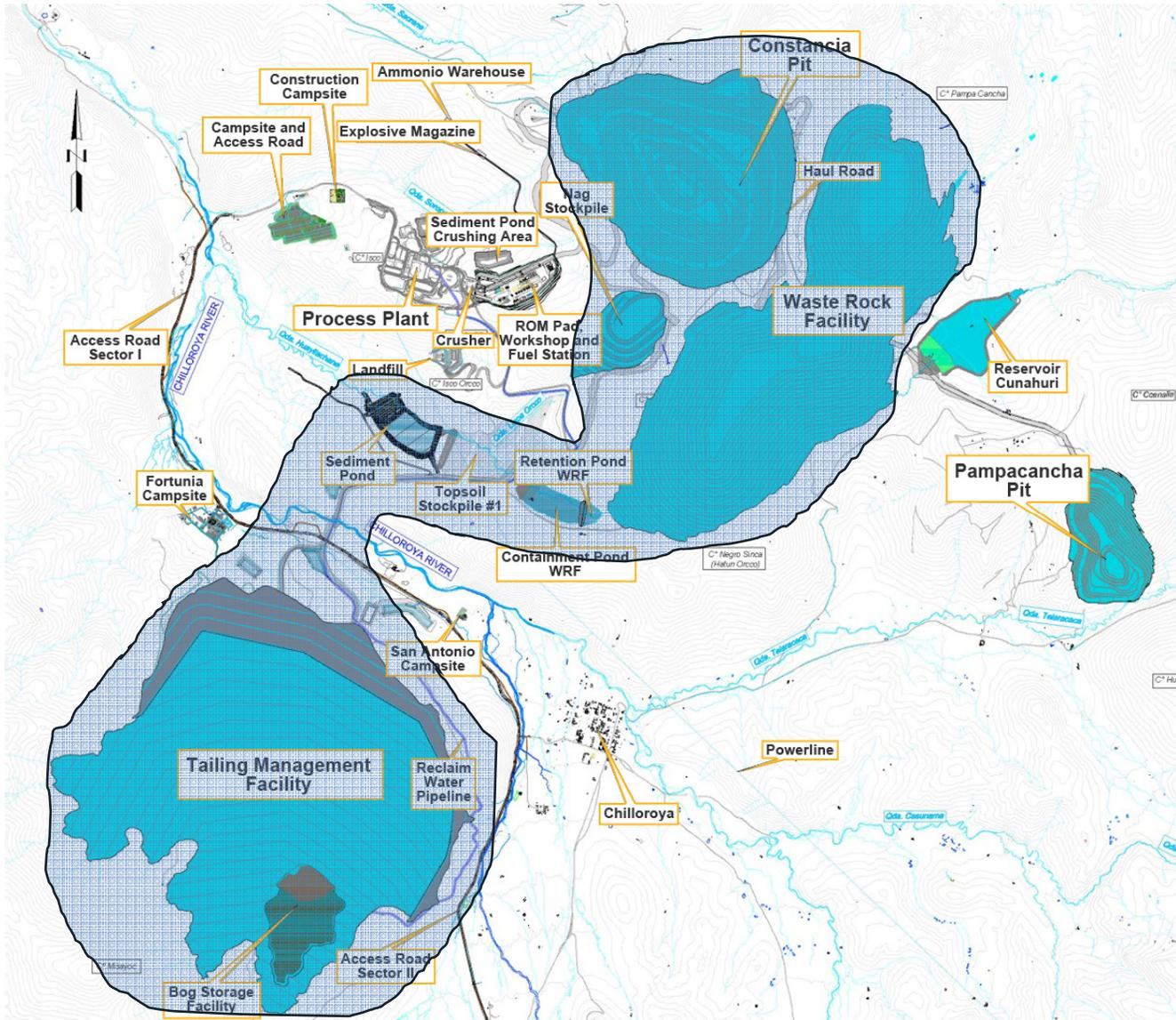
Engineering - Knight Piesold

- > Detailed Engineering Design (Original Scope) – Overall Percent Complete = 99%

- > Original Scope Remaining Activities:
 - Complete TMF Rev 0 Final Design Report
 - Complete Cunahuri Reservoir Rev 0 Final Design Report
 - Complete turn-over packages for Denver work

- > New Scope:
 - Site-wide Water Management Plan
 - Cunahuri Contingency Plan
 - TMF Center Dike Modification
 - Field Implemented Design Requests
 - Permit Modification Assistance (Environmental Compliance)

Constancia Project – Stracon Earth Works



Facilities List

- Bog Dam
- TMF East
- TMF West
- WRF and Ponds
- Cunahuri Reservoir
- Main Sediment Pond
- Topsoil Stockpile
- Haul Road
- Construction Roads
- Access Roads
- Diversion Channels
- Landfill Area

Bog Dam



TMF East Valley



TMF West Valley



Construction Road 1



Construction Road 2



Main Sediment Pond



Road and TMF Sed Ponds



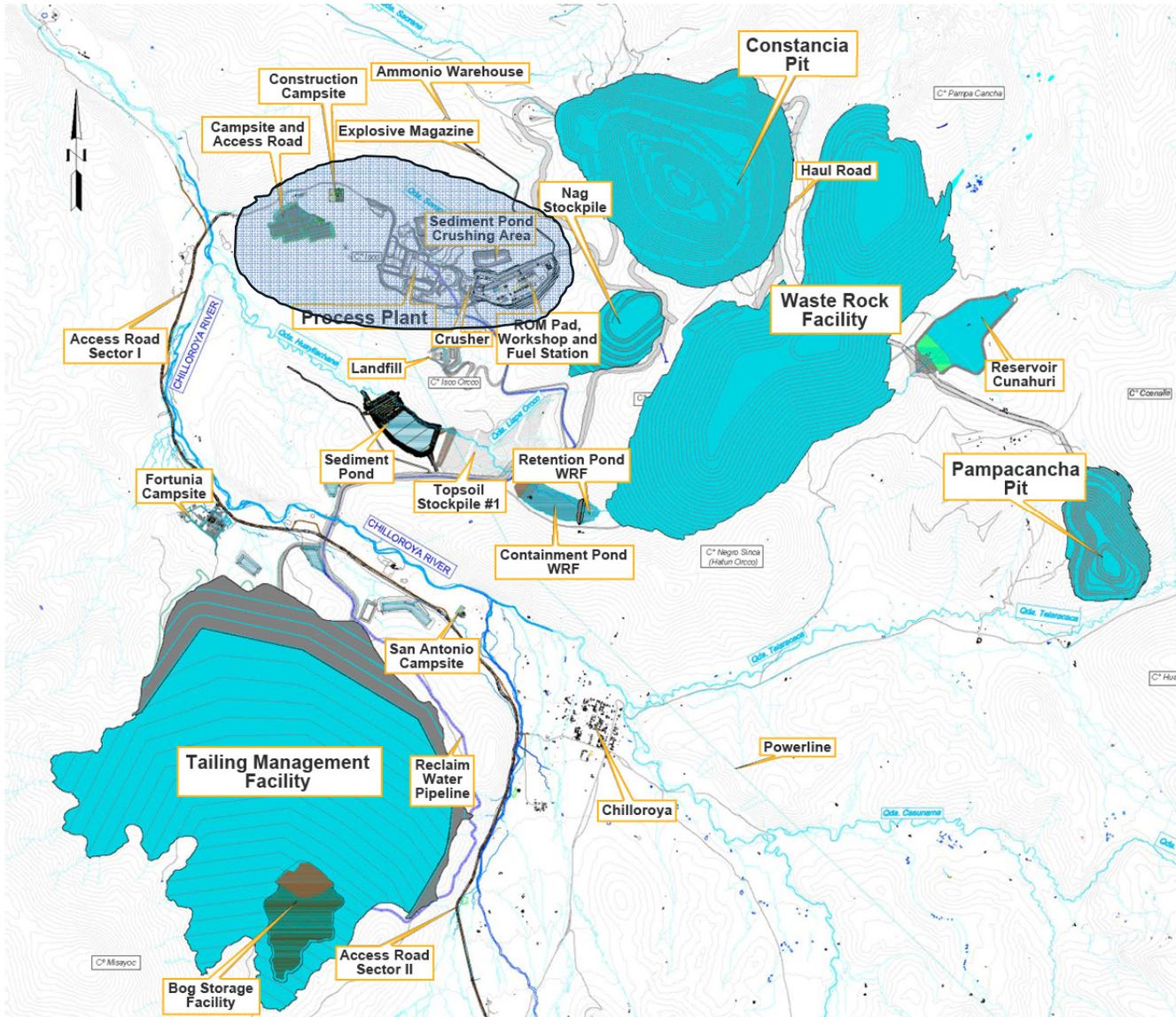
Crushing and Screening



**Process & Ancillaries
Engineering, Procurement
and Construction
Management**



Constancia Project – Ausenco Management



Primary Crusher Mass Concrete



Crushing Plant – Conveyor Foundation



Process Plant – Mill Foundations and Reclaim Tunnels



Process Plant – Process Water Pond/Tailings Thickener



Process Plant – Concentrate Thickener Foundations



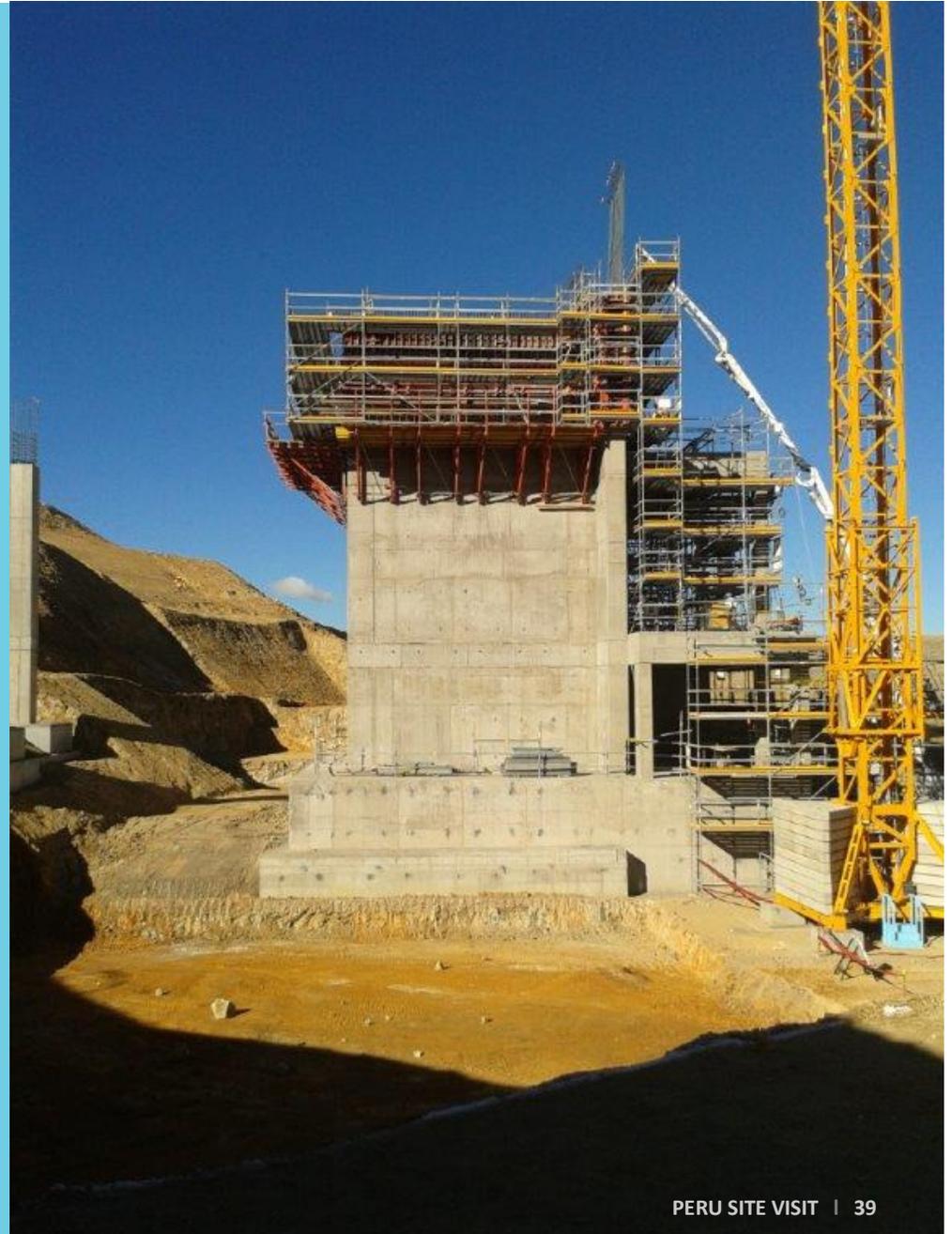
Process Plant – Procurement

- > To date we have committed 72 Major Purchase Orders (PO) with 24 more in process
 - > This represents 75% of purchases by number
- > 75 minor Purchase Orders have been placed
- > Ausenco has completed the mobilization of its Material Management Team to site
- > Laydown and storage planning strategies are completed on site

Process Plant – Contracts

- > To date we have committed 15 Major Construction/Services Contracts, or 75% of total
- > Structural, mechanical and piping (SMP) package awarded to Cosapi in September 2013
- > Earthworks package is nearing completion with retaining wall for primary crusher allocated to San Martin
- > Main packages in tender stage:
 - > Electrical and Instrumentation for the Process Plant
 - > Tailings and Water Conveyance Systems
 - > Dewatering Wells Construction
 - > 22.9kv Remote Substations for external facilities

Offsite Infrastructure Services



Power Purchase Agreement

- > Terms agreed, awaiting final board approvals
- > 90 MW capacity
- > In line with expectations
- > 10 year contract, with 5 year extension right



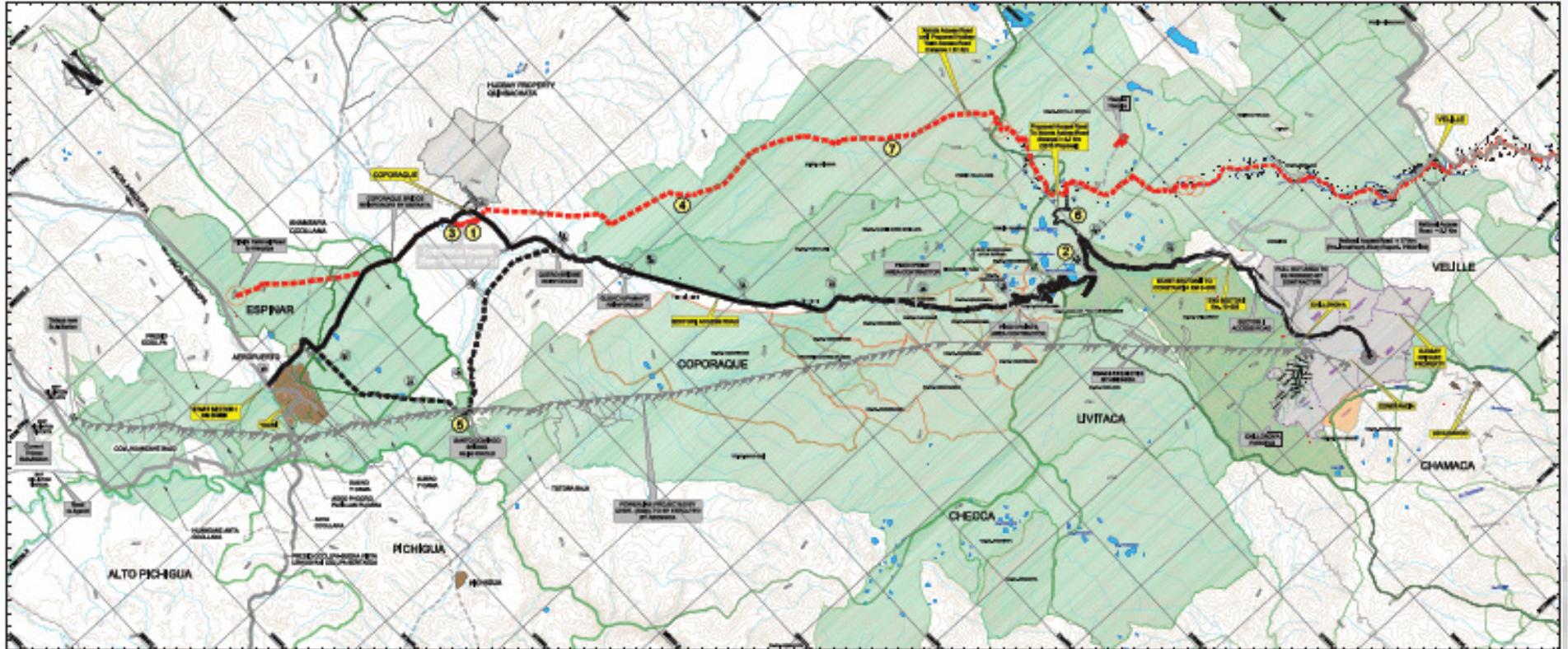
Power Transmission Line

- > Detail engineering, procurement and construction awarded to Abengoa
 - Abengoa has 15 years experience in PTL construction and operating concessions in Peru
- > ATN1 (Subsidiary of Abengoa) will be Concessionaire
- > Status:
 - Cadastral survey, workshops complete (by Abengoa)
 - Abengoa to secure rights of way
 - 99 of 144 preliminary land agreements
 - Hudbay supervising Abengoa land access negotiations

Power Transmission Line

- > Engineering Status
 - Constancia 135kV PTL: 100% complete
- > Procurement
 - Procurement for all equipment complete
- > PTL & Substations by Others
 - Tintaya Substation
 - Engineering 100% complete
 - Long lead equipment and materials procured
 - Socobaya Tintaya 220Kv Line (Tesur)
 - On schedule; expected completion December 2013

Access Road and PTL



-  Hudbay access road
-  Xstrata access road

Access Road

Access Road Section 2

> Engineering

- 100% complete
- Roadway alignment has been finalized
- Regional Government approved design and construction
 - Tender documentation complete for construction work (under review)

> Construction

- Schedule 6 Months
- Required start / finish dates: Start Q1 2014 – Finish Q3 2014

Bridge Reinforcement

> Complete

Concentrate Transport

Unimodal – Short term
Truck: Constancia/Tisur

Bimodal – Long term
Truck: Constancia/Imata
Train: Imata/TISUR



Concentrate Transport

Status

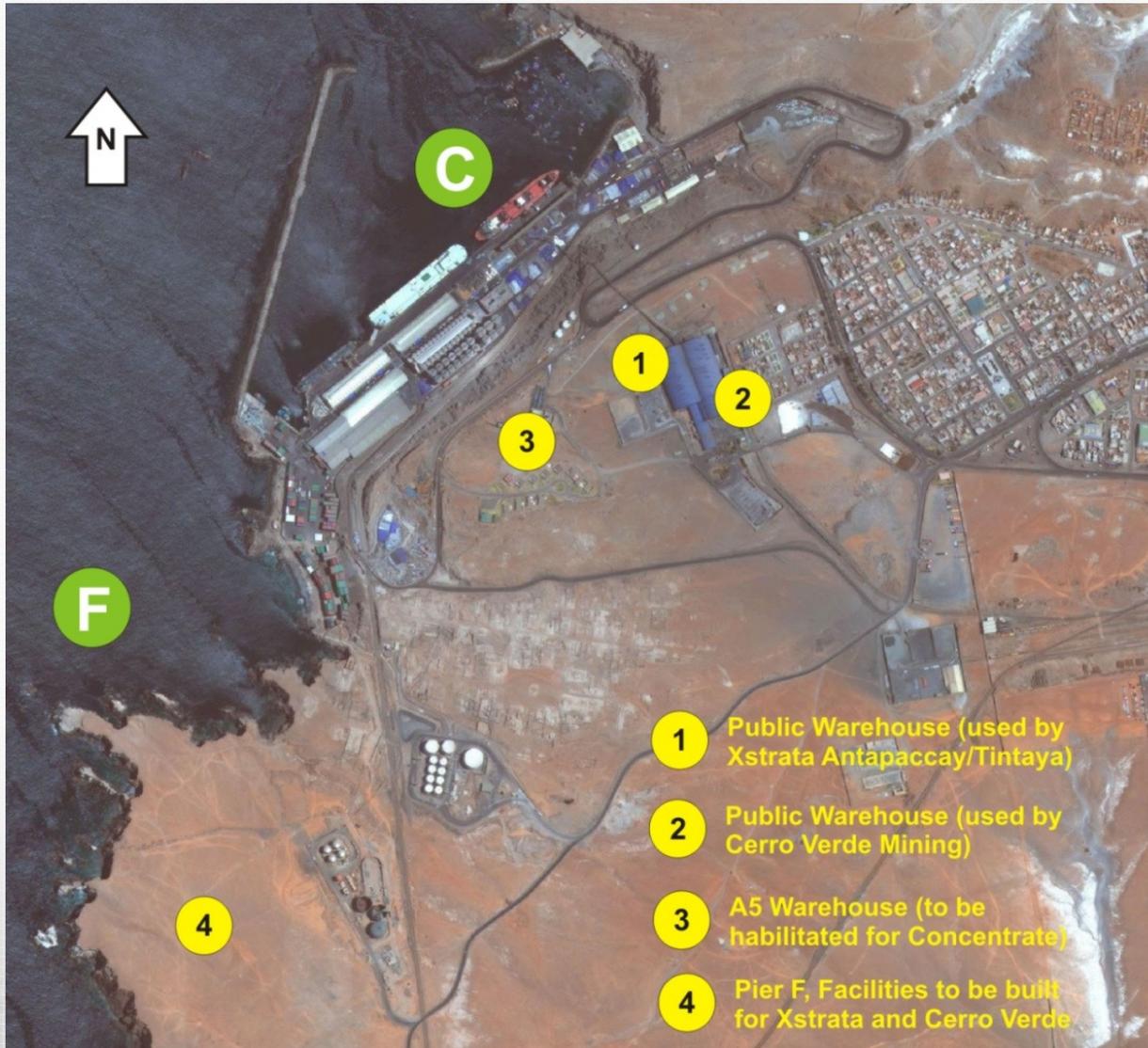
- > Tender process underway
 - Short-term concentrate transport
 - Long-term base case
 - Long-term bimodal option
 - Discussions with Peru Rail in progress (Bimodal)
- > Tender issued for proposals for transport
 - Large contractor 60%
 - Community contractor 40%

Matarani Port Overview

- > 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
- > TISUR port operator has announced \$262 million Pier F Expansion for Q1 2016
- > Port agreement finalized Sept. 2013



Matarani Port Facilities



Matarani Port Services

Short-Term Solutions

- > TISUR Grain Warehouse A5
 - Enclose for concentrate service
 - Requires EIA Amendment
 - Commence service 3Q 2014
 - Term 6 – 12 months

Long-Term Solutions

- > TISUR Public Warehouse (Commence Q1 2016)
 - Base Case: Xstrata Antapacay Warehouse (unimodal)
 - Alternate: Cerro Verde Warehouse (bimodal)

Status

- Port agreement signed in Sept. 2013

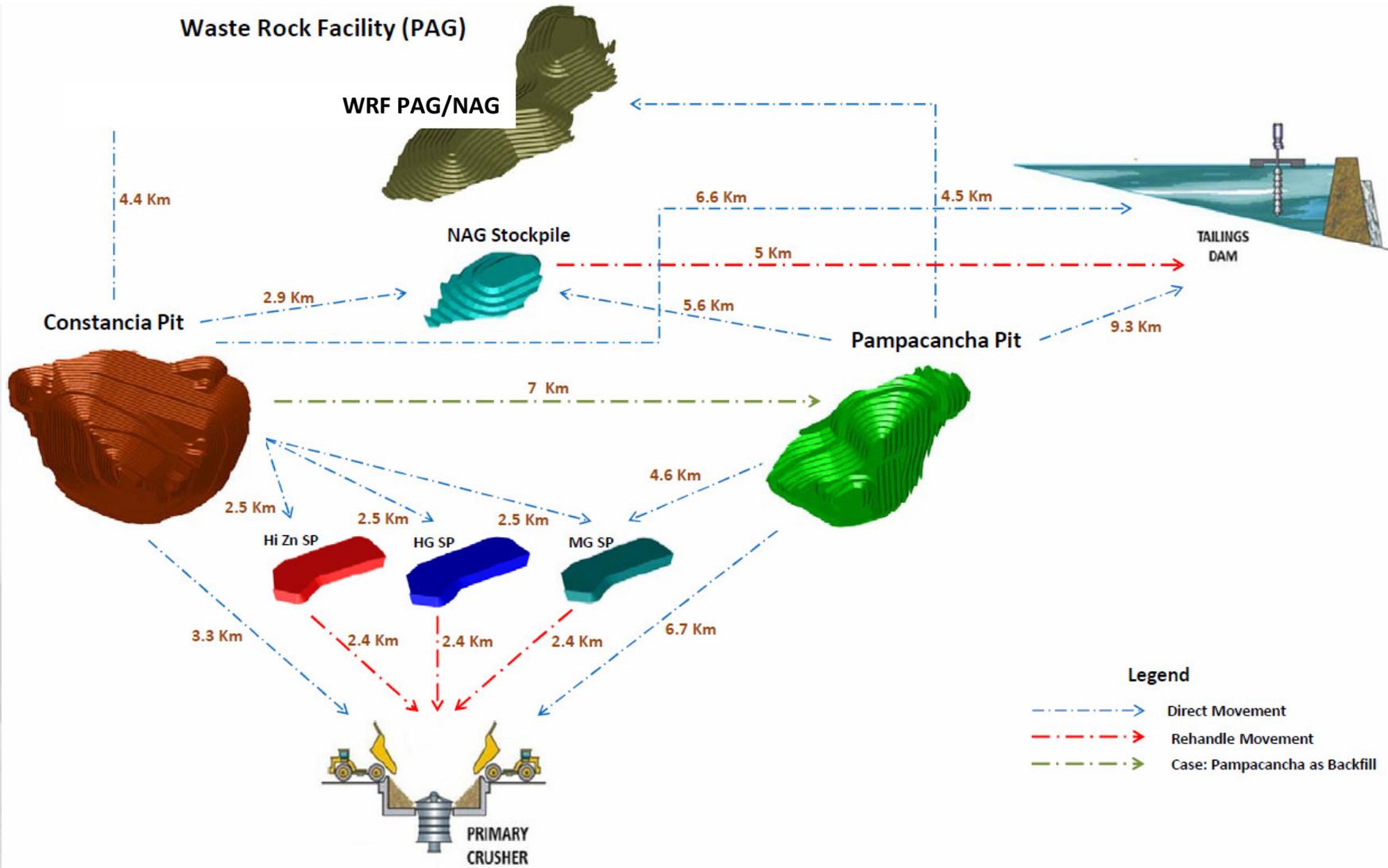


TISUR Grain Warehouse A5

Mine Planning



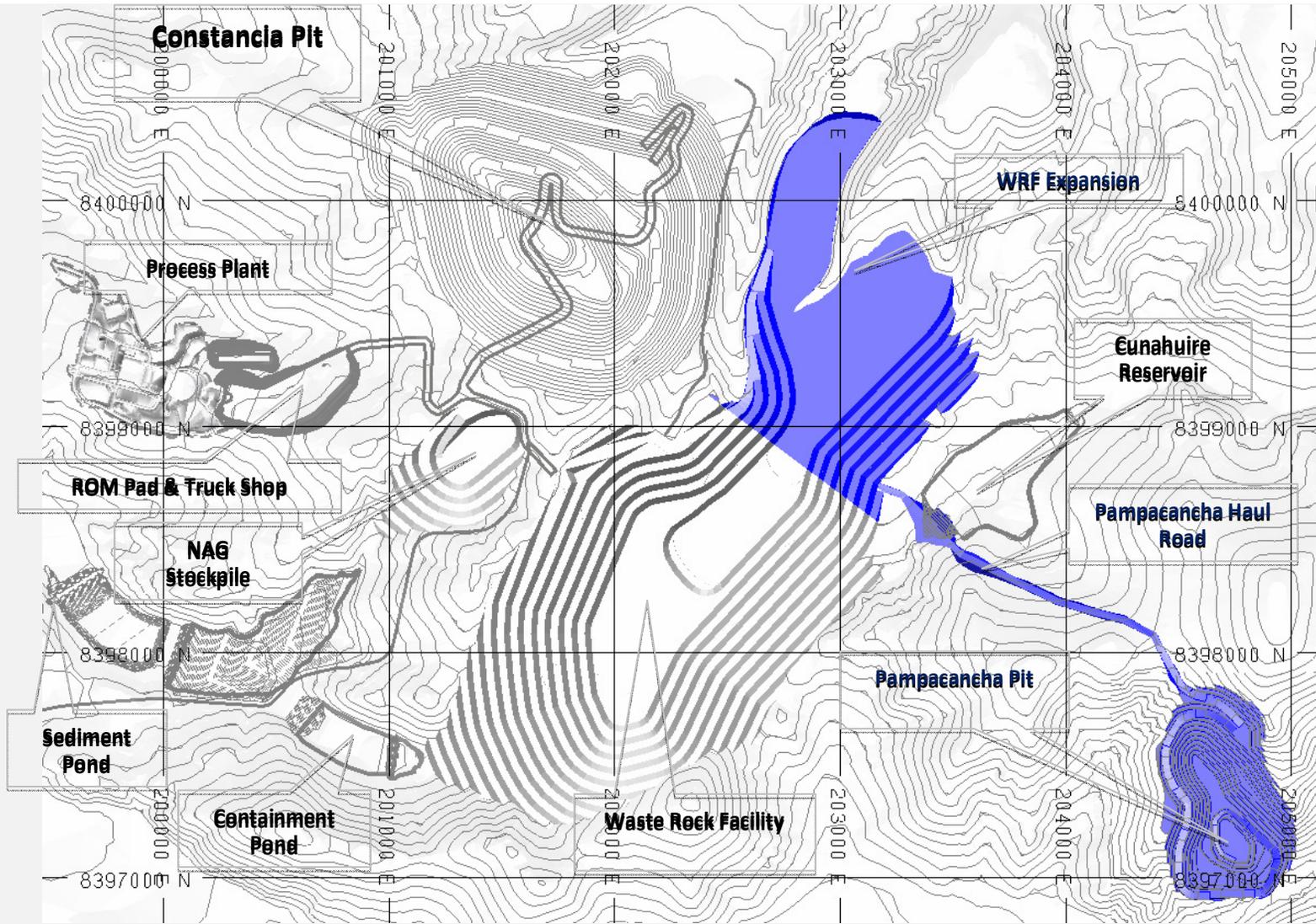
Mine Planning – Mine Operation Flowsheet



Pampacancha Feasibility Study

- > Planning
 - Pampacancha Feasibility study is based (base case) on Nov. 2012 mine plan
- > Engineering
 - Schedule - to complete Engineering Feasibility Study by Q4 2013
 - Status – site investigation
 - Geophysics and structural mapping are done
 - Geotechnical and Hydrogeological investigation (drilling, logging, field testing and laboratory testing) in process
 - Geochemical sampling test in process
 - Design facilities is underway
- > Processing
 - Schedule - to complete Process Study (Phase III) in Q4 2013
 - Status
 - Sampling testing for comminution and flotation were done
 - Laboratory testing completed
 - Awaiting final metallurgical report
- > Permitting
 - Pampacancha Feasibility Study will support ESIA Mod II

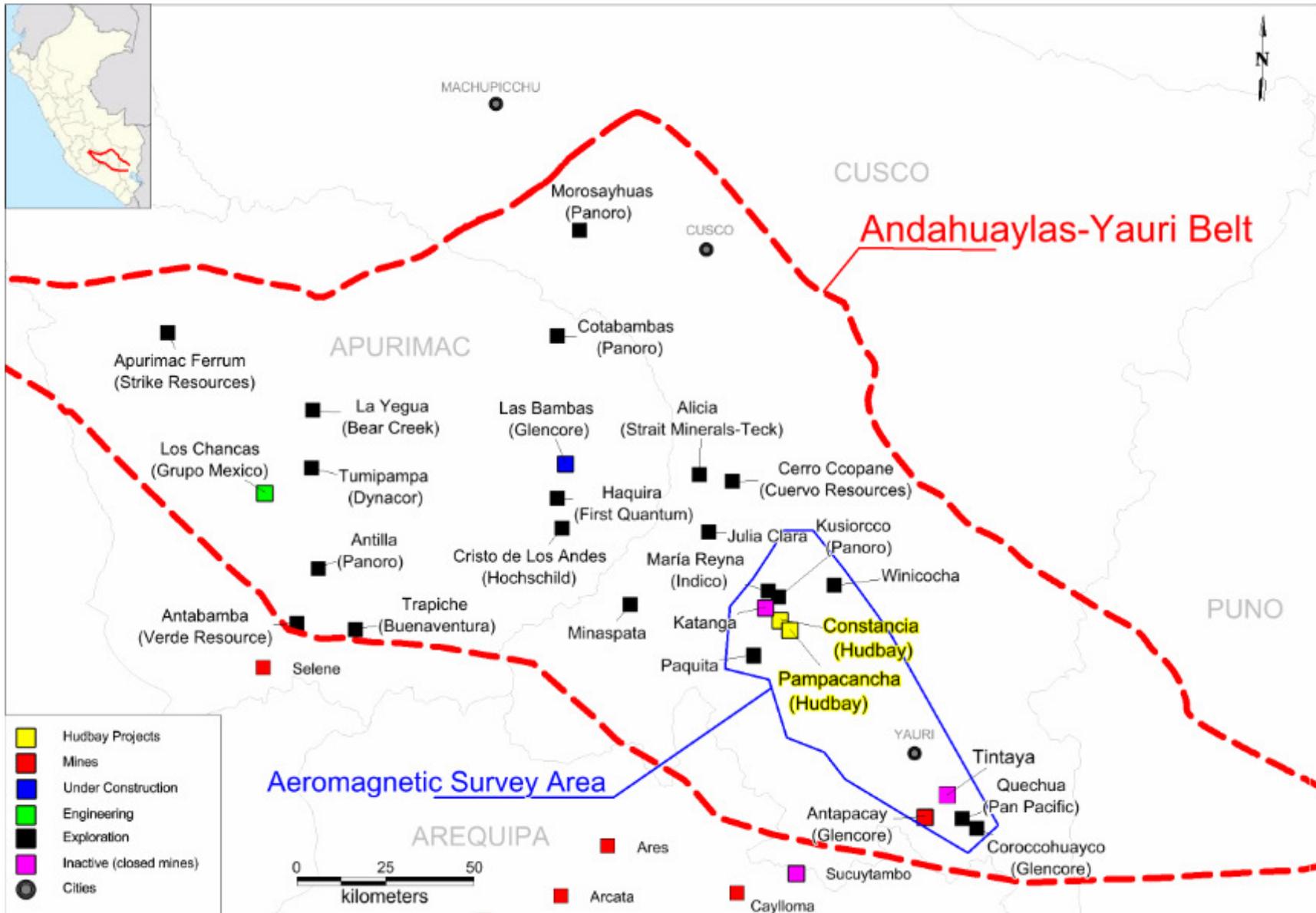
Pampacancha Feasibility Study – Main components



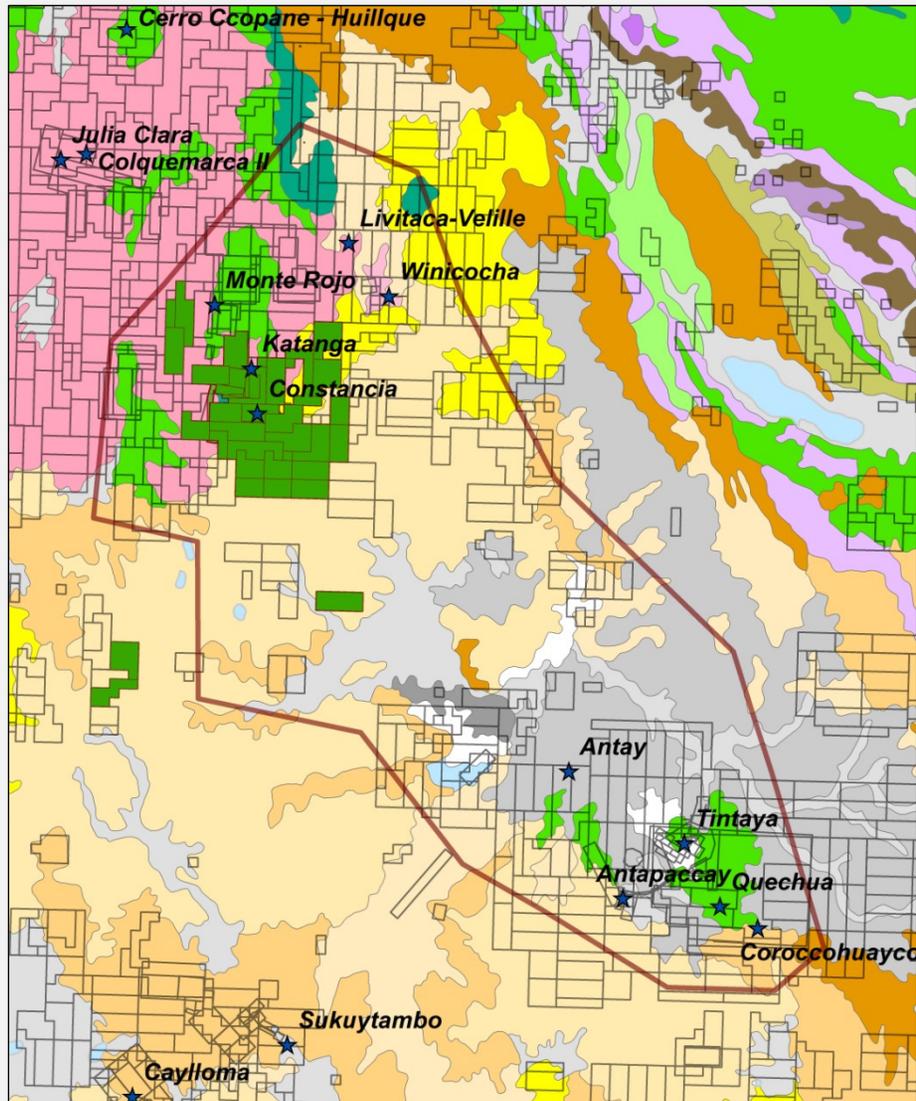
Exploration Potential



Andahuaylas-Yauri Belt



Regional Exploration Potential



> Helicopter Magnetic/Radiometrics Survey

- Survey outline with geology, claims (Hudbay in green), and significant deposits
- Commodity Focus: Cu, Au, & Mo
- Brown and tan areas represent overburden (i.e. underexplored areas)
- Survey cost ~\$600K, (85km x 40km)
- Completion prior to wet season with results expected Q1 2014, interpretation to follow
- Geologic mapping, sampling, & drilling to follow in favorable areas
- Additional phases of regional exploration after proof of concept

**Corporate Affairs and
Social Responsibility**



Formalized LOM Agreement 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

Local Employment and Procurement

> Labor force

- Peaked at 1,200 workers from direct and indirect area of influence working at the project

> Light vehicle rentals

- A priority since May regarding communities to reduce project cost impact

> Equipment from Communities

- Chilloroya: Equipment purchased and currently working at the Project
- Uchucarco: Equipment purchased and contract in last stage of negotiation with community to put it to work on the project
- 128 contracts with local suppliers in total

> Local food suppliers

- 9 from Uchucarco and 4 from Chilloroya

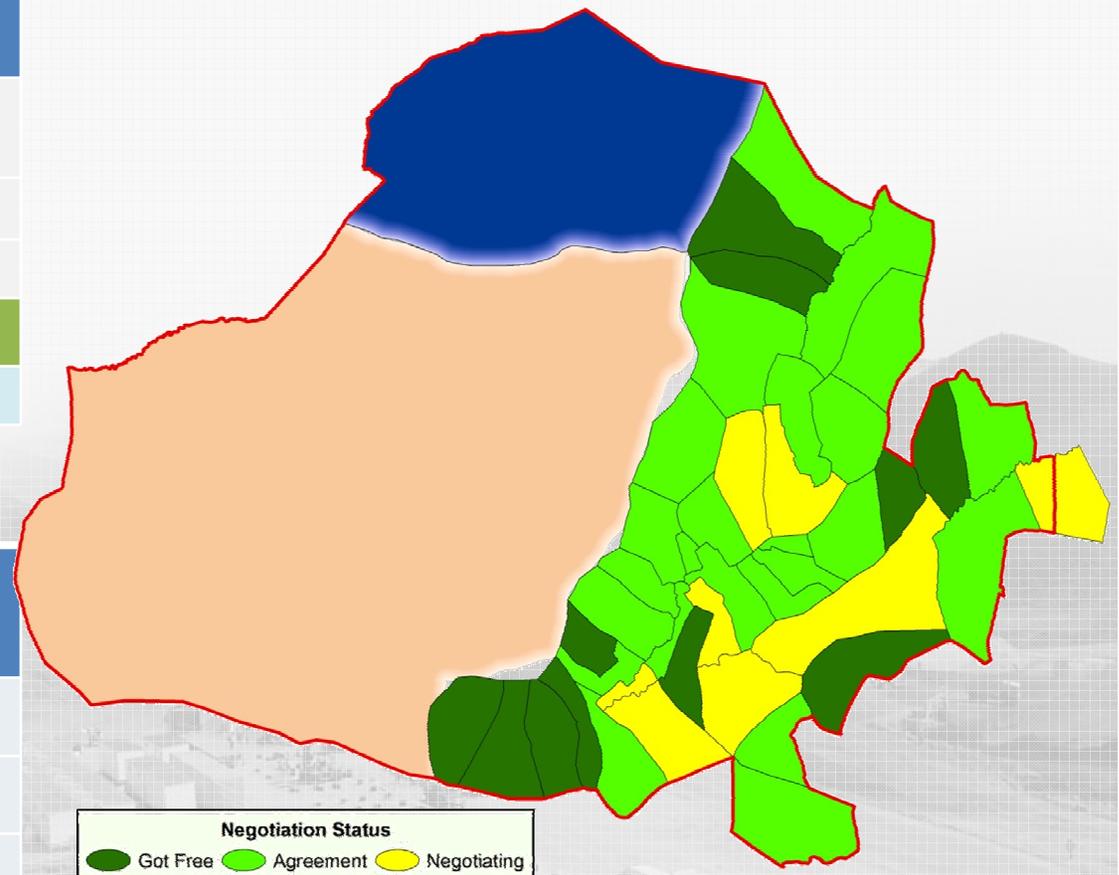
Social Programs

- > **Four agreements signed with communities from the indirect area of influence.**
- > **Ongoing Projects – CMD:**
 - Chilloroya: implementation of computer center, improvement of the quality of education through teacher training, health center improvement, animal health, plant wastewater treatment
 - Uchucarco: Virtual Classrooms, Health Service Enhancement and improvement of the road at Uchucarco
 - Collana: Projects, improvement of teachers bedrooms, improvement of school kitchen
 - Merques: construction of kitchen storage and toilet facilities for the school and improvement of the quality of education through teacher training.
- > **Implemented Projects - CMD:**
 - Chilloroya: construction of community center, computer center, primary school toilets, middle school toilets, drainage system and holiday projects for children.
 - Uchucarco: improved health facilities, electrification of the town and holiday projects for children.
 - Collana: construction of stock kitchen and school, road upgrading, installation of grass, implementation of tractors, harrow and plow.
 - Merques: implementation with farm tractors, harrow and plow.

Resettlement Update

STATUS	# of families
Families w/ signed P. deed and moved	11
Families with public deed signed	15
Families with agreement signed	3
Families in negotiation	7
Total	36

STATUS	# of houses
Delivered to owner	22
Pending delivery	4
Constructed by Nodeco and finish	5



Permitting / Regulated Infrastructure

PERMIT	STATUS
CONSTRUCTION	<ul style="list-style-type: none"> All permits required for construction are approved including mine permit and plant construction permit. These will be amended in October 2013.
DISCHARGE	<ul style="list-style-type: none"> Permits for discharge from the main sediment pond, the plant & crusher sediment ponds and the 4 ponds located nearby the haul road and TMF are in place. Discharge permits for the camps are granted. Additional discharge permits for new sediment ponds (DMs, Esperanza quarry) may be requested once a final water management plan for construction is issued.
OPERATION	<ul style="list-style-type: none"> Underground and surface water licenses (stages 2 and 3) have been submitted and are under evaluation. Water licenses stage 4 will be requested once pit dewatering wells are installed and the main sediment pond is constructed. Plant operation license is expected to be requested in April 2014 and obtained in July 2014. Dates will be adjusted depending on the progress of construction activities in the main sediment pond, process plant and TMF, since an inspection is required.
ESIA AMENDMENTS	<ul style="list-style-type: none"> First amendment (Constancia first two years configuration): Submitted October 31, 2012. Favorable opinion of the National Water Authority received. Approval received September 2013. Second amendment (final configuration of the project including Pampacancha): Under preparation. Will be submitted in December 2013 and approval is expected in October 2014.

Financial Review



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

Tax Stability Agreement

- > **Several stability agreement applications awaiting Presidential approval**
- > **Implications of stability agreement**
 - Increase in marginal income tax rate from 30% to 32%
 - Accelerated depreciation of certain assets
 - Overall impact is essentially NAV-neutral using an 8% discount rate

IGV Early Recovery

- > **Covers IGV on certain components of Construction capital costs**
 - Approximately 80% of project capital costs are eligible for early recovery
 - Non-eligible costs are recovered after project is in commercial production and generating sales
- > **Received approval from Peruvian government for early recovery on costs incurred starting December 2012**
- > **Approximately \$50 million in accumulated early recovery receivables at June 30, 2013 (in Trade & Other Receivables)**
- > **Since December 2012, additional documentation has been prepared and submitted to enable recovery to commence**
 - Recovery of accumulated balances expected prior to mid-2014

Concentrate Offtake Strategy

- > **No obligations currently in place for Constancia offtake**
- > **Concentrate quality is very good, with no serious impurities**
 - Zinc content is somewhat high, typical of concentrate from Peruvian copper porphyries
- > **Strong interest from potential long term offtakers**
 - Currently evaluating proposals for financing related to long term sales contracts
 - Would be structured as standby financing, available for drawing as construction completes at Constancia – available to cover potential cost overruns, delays, working capital needs etc...
- > **Target \$100 million in funding**

CAT Equipment Financing Facility

- > **Received commitment from Caterpillar Financial to provide equipment financing facility for Constancia's mobile fleet in Q2 2013**
- > **Equipment financing will cover approximately US\$130 million of equipment**
- > **Loans expected to have a term of six years, secured by Constancia's mobile fleet**

Currency Hedging

- > **Currency positions in place via cash holdings to mitigate FX risk on CAPEX**
- > **No plans for hedging of PEN exposure in OPEX**





Constancia Site Visit Presentation

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