



## **Q2 2013 Presentation**

August 1, 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, Constanica 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 Constanica, 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, Hudbay’s expectation that it will amend and restate its revolving credit facility, 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 Constanica 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](http://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).



## Q2 2013 Summary

- > Steady production from 777 and good start at Lalor; on track to achieve operating targets for the 7<sup>th</sup> consecutive year
- > Lalor and Reed mines nearing completion on time and on budget
- > Constancia achieves detailed engineering and construction milestones of 90% and 40%, respectively
- > Expected increase in Constancia capital budget to be funded by reduced discretionary expenditures, Snow Lake concentrator expansion and deferral of Lalor concentrator
- > Semi-annual dividend of \$0.01 declared

# Project Highlights

## Lalor

- > Completed 910 metre level and 955 load out facility as underground development progresses well
- > Main production shaft at 882 metres or 90% complete as mine remains on time and on budget

## Reed

- > Underground ramp progressing well
- > Project remains on time and on budget

## Constancia

- > Construction 40% complete and detailed engineering 90% complete
- > Mine fleet secured



# Financial Results

(\$000s except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
<b>Revenue</b>	<b>130,659</b>	189,858	<b>250,540</b>	376,896
<b>(Loss) profit before tax</b>	<b>(39,883)</b>	650	<b>(31,960)</b>	17,619
<b>Loss for the period</b>	<b>(52,686)</b>	(29,606)	<b>(50,779)</b>	(26,252)
<b>Operating cash flow<sup>1</sup></b>	<b>(10,659)</b>	66,138	<b>1,606</b>	108,383
<b>Operating cash flow per share<sup>2</sup></b>	<b>(0.06)</b>	0.38	<b>0.01</b>	0.63
<b>Cash cost per pound of copper sold<sup>2</sup></b>	<b>2.22</b>	0.63	<b>1.98</b>	0.88

<sup>1</sup>Before stream deposit and change in non-cash working capital

<sup>2</sup>Refer to "Non-IFRS Financial Performance Measures" in Hudbay's Management's Discussion and Analysis for the quarter ending June 30, 2013

# Steady Production

		Three Months Ended	Six Months Ended	Guidance
Manitoba contained metal in concentrate		June 30, 2013	June 30, 2013	2013
<b>Copper</b>	tonnes	6,981	14,624	33–38,000
<b>Zinc</b>	tonnes	23,591	41,801	85–100,000
<b>Precious Metals<sup>1</sup></b>	troy oz.	22,790	44,424	85–105,000
<b>Unit Operating Costs</b>				
<b>777</b>	\$/tonne	41.03	47.09	38–42
<b>Flin Flon Concentrator</b>	\$/tonne	15.94	15.88	12–16
<b>Snow Lake Concentrator</b>	\$/tonne	32.44	37.52	25–30

<sup>1</sup> Precious metals include gold and silver production. For precious metals production, silver is converted to gold using the average gold and silver realized sales prices during the period. For precious metals guidance, silver is converted to gold at a ratio of 50:1.

# Lalor

- > \$365 million of the overall \$794 million capital costs invested to June 30, 2013; entered into additional \$63 million in commitments
- > \$9 million investment at Snow Lake concentrator expected to double production capacity to 2,700 tonnes per day and enable deferral of new Lalor concentrator and the planned expenditure of \$325 million
- > Mine project remains on schedule and on budget
- > Hoisted 106,723 tonnes of ore during Q2 2013



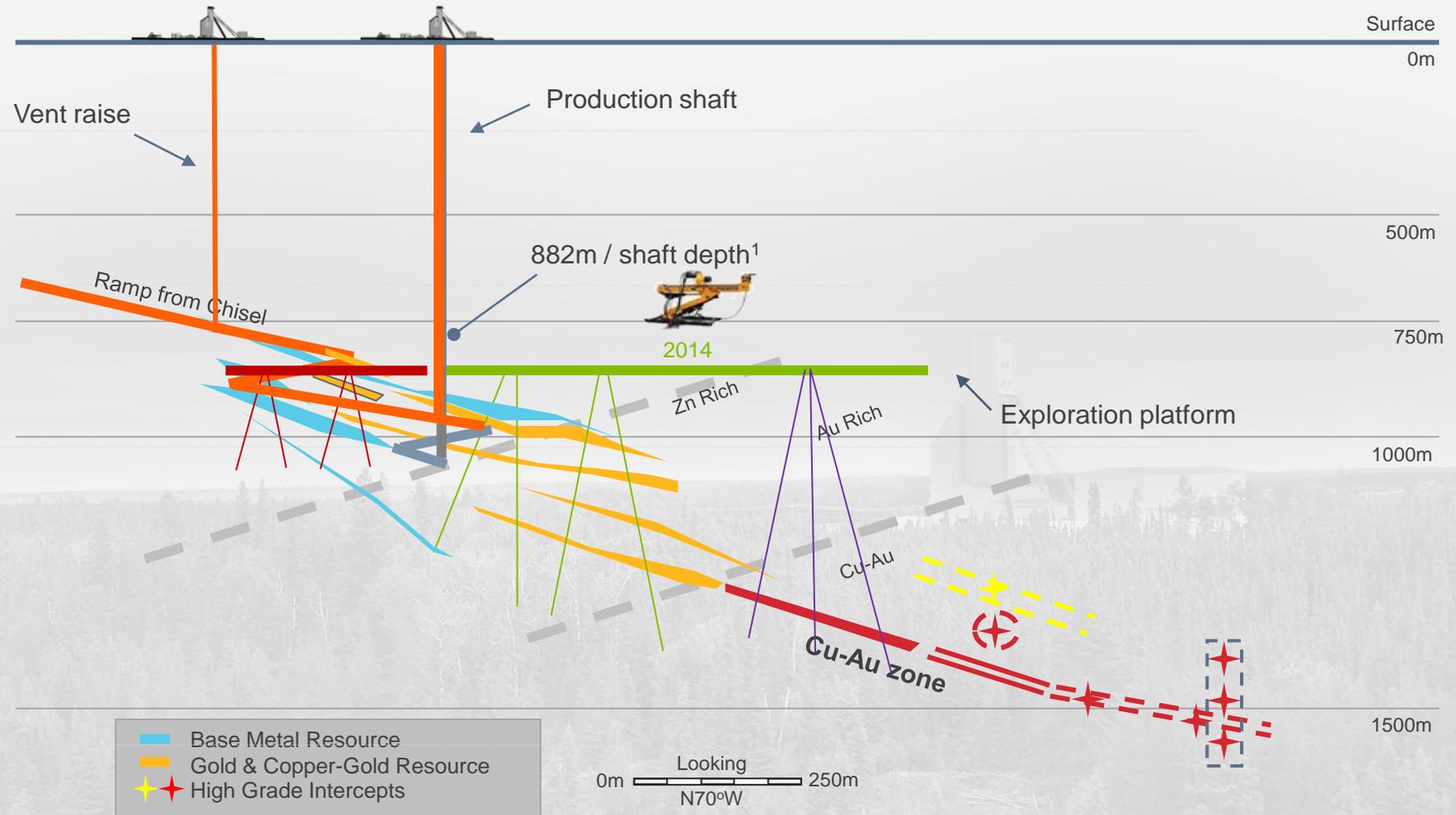
Underground development proceeds at Lalor



View of Lalor copper and zinc mineralization

# Lalor

Production shaft sinking expected to be completed in late 2013



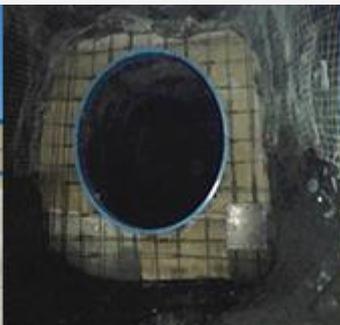
<sup>1</sup> As at July 30, 2013

# Reed Copper Project

- > \$47 million invested and entered into additional \$10 million in commitments to June 30, 2013
- > Underground ramp advanced ~819 metres as of June 30, 2013
- > Nearly 500 days without lost time accident
- > Project remains on time and on budget



Kitchen facility and recreation complex



Vent bulkhead at 50 m ready for shotcrete



Diesel fuel tank and containment facility

Ownership	<b>70%</b>
Projected Life of Mine	<b>5 years</b>
Construction Capex (2012-2014)	<b>\$72 million</b>

# Constancia

- > US\$658 million incurred and entered into additional US\$455 million in commitments to June 30, 2013
- > Construction is 40% complete and detailed engineering is 90% complete
- > Preliminary results from re-estimation of project capital costs 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) <sup>1</sup>	<b>0.84</b>	<b>1.30</b>	<b>1.13</b>

<sup>1</sup> 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);

# Constancia Construction Progress



Ball mill shells on site



Reclaim tunnels



Tailings Management Facility foundations



Road widening – Constancia to Corporaque

# Constancia Construction Progress



Primary crusher



Main crusher sediment pond



Tailings thickener tunnel



North and south mill foundations

# Balance Sheet

As at June 30, 2013

(millions)<sup>3</sup>

Cash and cash equivalents	\$1,077
Remaining stream agreement payment	\$125
Canadian income taxes and Peruvian value-added taxes <sup>1</sup>	\$100
Credit facility and committed Caterpillar Financial financing <sup>2</sup>	\$150

**Total Available Liquidity: \$1.5 billion**

→ Shares Outstanding: 172.0 million

<sup>1</sup> Expected to be reimbursed within the next 12 months

<sup>2</sup> Net of outstanding letters of credit.

<sup>3</sup> Assumed USD/CAD conversion rate of 1:0:1.0



**Liquidity excludes operating cash flow**



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