

December 7, 2012

Lalor Project

Snowmobile routes and pipelines associated with Lalor Concentrator and Anderson TIA

Meeting Notes

Tony Scheres – Hudbay

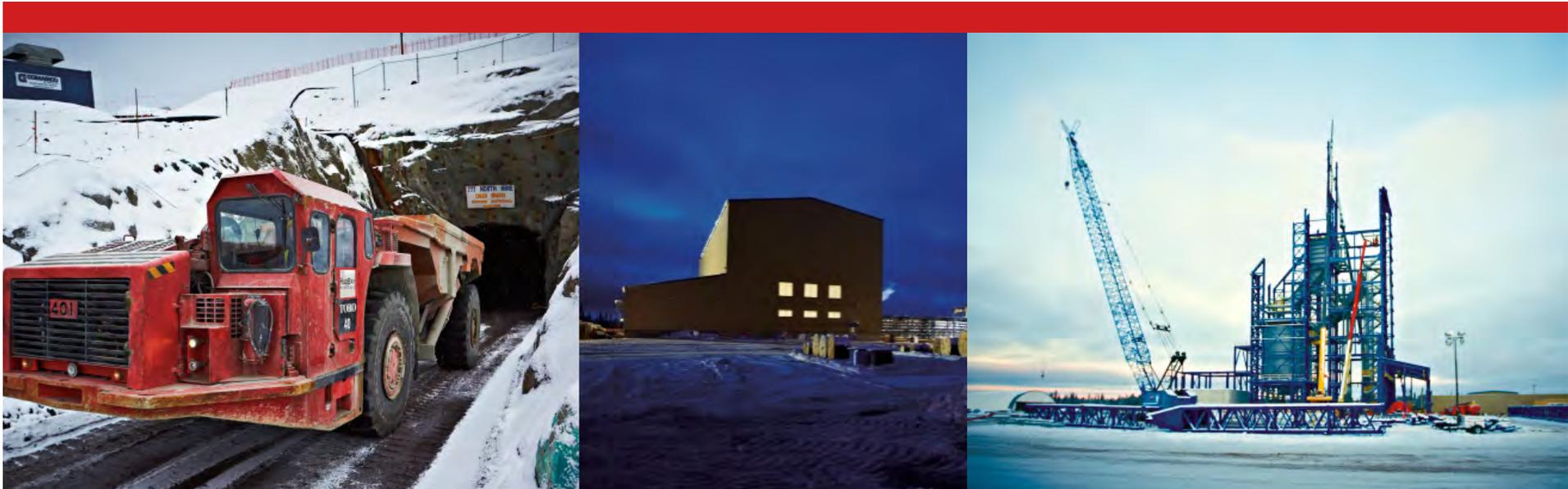
Jay Cooper – Hudbay

Chris Chell – SnowMan

Robert Stoupe - SnowMan

At Diamond Willow restaurant, Snow Lake

- Robert and Chris stated that this was the first official meeting/ notification given direct to their club on how the project may directly impact them.
- the proposed pipelines and construction activities were discussed and general timeline were provided.
- their snowmobile routes will be affected at the crossing of the new road to the Lalor site, along the entire length of the railbed (tailings pipeline route), portions of Anderson TIA, and the dams/ spillway locations at the East end of Anderson TIA.
- the club is very interested in being informed on construction activities with as much notice as possible. This will allow them time to increase signage or develop new routes etc.
- the process of developing new routes or changing routes through MB Conservation was discussed.
- past issues of clearing trails down to gravel to improve vehicle access for exploration purposes were also discussed.
- their club is responsible for the condition of the trails, which are used by locals and people from Southern Manitoba. These visitors may not be familiar with mining activities in the area and are using the maps provided by MB Conservation. For this reason it is important to provide enough lead time for the club to update maps etc. Visitors using the trails do not notify the local club or typically ask about changes or hazards that may be present.
- a public meeting for the Reed Mine EAL proposal would be held in the new year in Snow Lake. May be able to meet with the club again to further discuss the project at that time.



Lalor Concentrator Project

Snow Lake, Manitoba

June 26, 2012

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", "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 are qualified by this cautionary statement.

Forward-looking information includes, but is not limited to, continued production at our Chisel North mines, continued processing at our Flin Flon concentrator, Snow Lake concentrator and Flin Flon zinc plant, our ability to develop our Lalor project 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 project; no significant unanticipated challenges with stakeholders at our various projects; no significant unanticipated events relating to regulatory, environmental, health availability of personnel for our exploration, development and production projects and ongoing employee relations; maintaining good relations with the communities in which we operate; 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.

Qualified Person

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.

Introduction

Agenda

- Background
- Testwork
- Trade off Study
- Advantages of New Concentrator
- Employment
- Schedule
- Tailings Management
- Production
- Building and Site Layout
- Questions

Background

Background

- The first zinc intersection at the Lalor deposit was announced in March 2007
- Discovery of a significant zinc discovery was announced in October, 2007
- NI 43-101 resource estimate - August, 2008
- Discovery of gold zone - January, 2009
- Discovery of new copper/gold zone - September, 2009

Testwork

Testwork

- Collection of metallurgical samples started in the 3rd quarter of 2008
- 1,600 kg of ore sent to SGS in Vancouver
- Testwork included
 - mineralogical analyses
 - hardness testing
 - copper / lead and zinc flotation flowsheets
 - gold extraction from tailings

Future Testwork

- In 2012, small tonnages of Lalor ore will be processed at the existing Snow Lake Concentrator
- This will provide an opportunity to “fine-tune” the flowsheet
- Will provide an opportunity to collect quantities of tailings needed for:
 - Paste backfill process development
 - Gold recovery testwork

Trade Off Study

Trade Off Study

- Initial plan - Lalor ore would be trucked to the existing concentrator
- Trade off study was initiated in 2010 to evaluate the option of building a new concentrator
- SNC Lavalin was contracted to provide preliminary cost estimates to compare the options
- AMEC was contracted in 2011 to provide a more accurate cost estimates for the new concentrator option
- Decision made to build new concentrator in July 2011

Advantages of New Concentrator

Advantages of New Concentrator

- Eliminates the 15 km ore haul
 - Reduces traffic and potential for accidents
 - Reduces operating cost

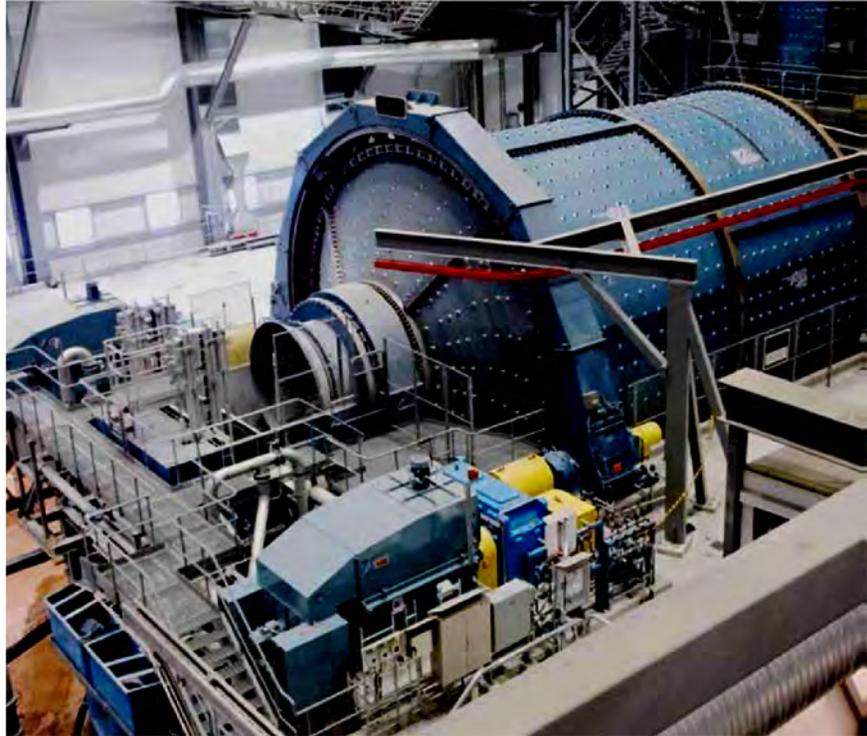


Advantages of New Concentrator

- Increased production rate possible
 - Maximum capacity of the old concentrator would be 3,500 tpd
 - New concentrator designed for 4,500 tpd with upside potential
- Allows for production of paste backfill
 - Best ground support system for the mine
 - Reduces amount of tailings sent to impoundment area
 - Improves ore recovery

Advantages of New Concentrator

- Implementation of new technologies, eg,
 - new mill drive systems
 - process control system
 - increased use of recycled water and reduced use of fresh water



Employment

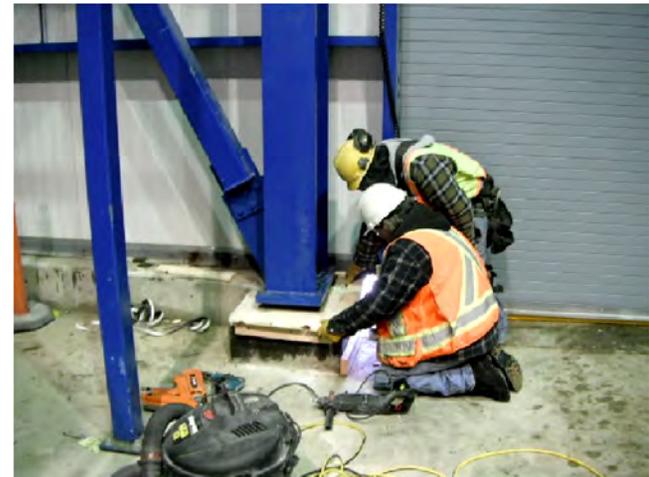
Employment

- The new concentrator will employ approximately 70 people including:
 - Supervision
 - Technical Staff
 - Trades
 - Operations



Employment

- We expect that most of the workforce for the new operation will come from the existing Snow Lake Concentrator
 - The concentrator has already hired additional people to process the Lalor ore later this year
 - Currently 37 employees in the concentrator
 - Additional employees will be hired as needed



Schedule

Schedule

- Environment Act application progress
 - Submission targeted for July 31
- Procurement of “long lead items”
 - Orders placed for jaw crusher and grinding mills
- Basic engineering in progress
- Geotechnical analysis of site was done in May 2012
- Start concentrator construction upon successful regulatory approval of the Environment Act License
 - Estimated 2nd quarter 2013

Schedule

- Training and orientation of personnel in 3rd quarter 2014
- Commission concentrator in 4th quarter 2014
 - Existing concentrator will be shut down first to allow transfer of employees
 - The plant will then be mothballed
- Lalor is expected to operate until 2027 with known reserves

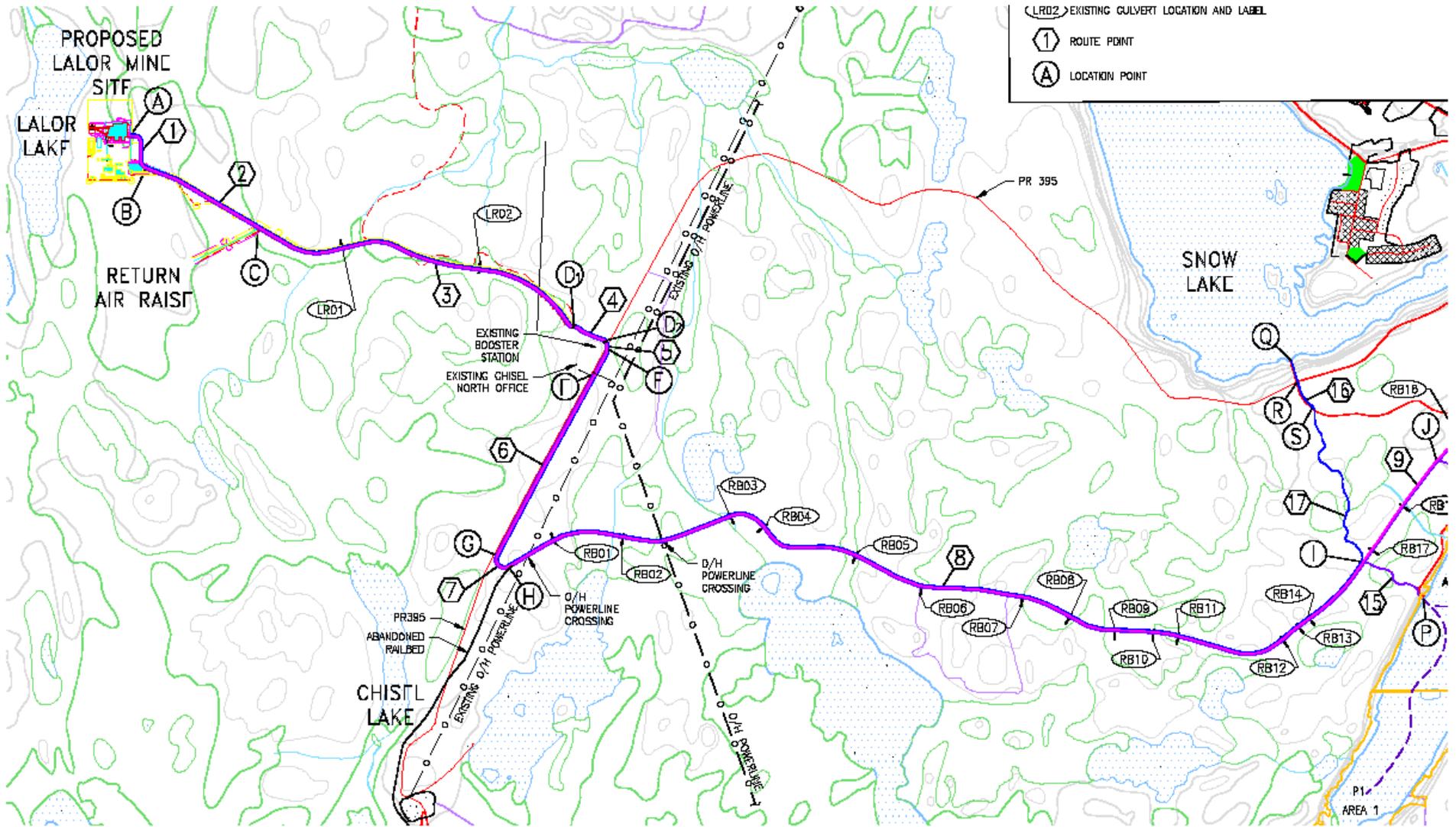
Tailings Management

Tailings Management

- The existing Anderson Tailings Impoundment area will continue to be utilized for the Lalor operation
- New dam construction will be carried out over 3 phases
 - Phase 1 will be sufficient for the Lalor Project, raising the water level in Anderson by 3.6 meters
 - Future dam construction phases will be dependent on exploration in the Snow Lake area
- Highway PR 392 will be re-aligned for approximately 3.5 km around the current Anderson Dam area to allow new dam construction and improve highway visibility safety concerns
 - This project is being managed by Manitoba Infrastructure and Transportation

Tailings Management

- Water from Anderson will be pumped to the Lalor Concentrator for use as process water
- The tailings and water pipelines will follow the existing railbed from Anderson and along a short section of PR 395





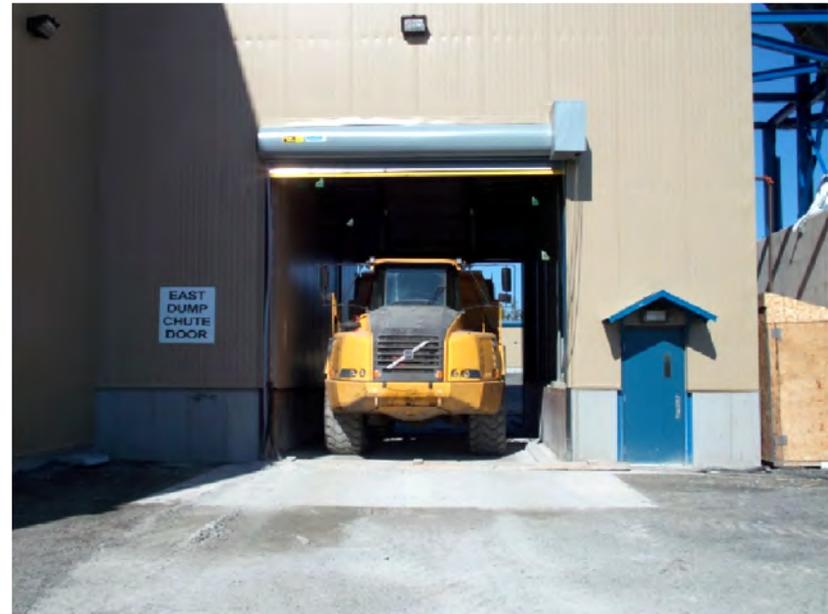
Production

Production

- The concentrator will operate 24/7 for 362 days per year
- Planned availability is 92%
 - This allows regular shutdowns for maintenance
- Daily throughput will be 4,500 tonnes

Production

- Both copper and zinc concentrates will be trucked to Flin Flon
 - Copper concentrates will be sold
 - Zinc concentrates will be refined in Flin Flon
- Paste backfill will be produced for use underground



Building Layout

The concentrator complex includes the following:

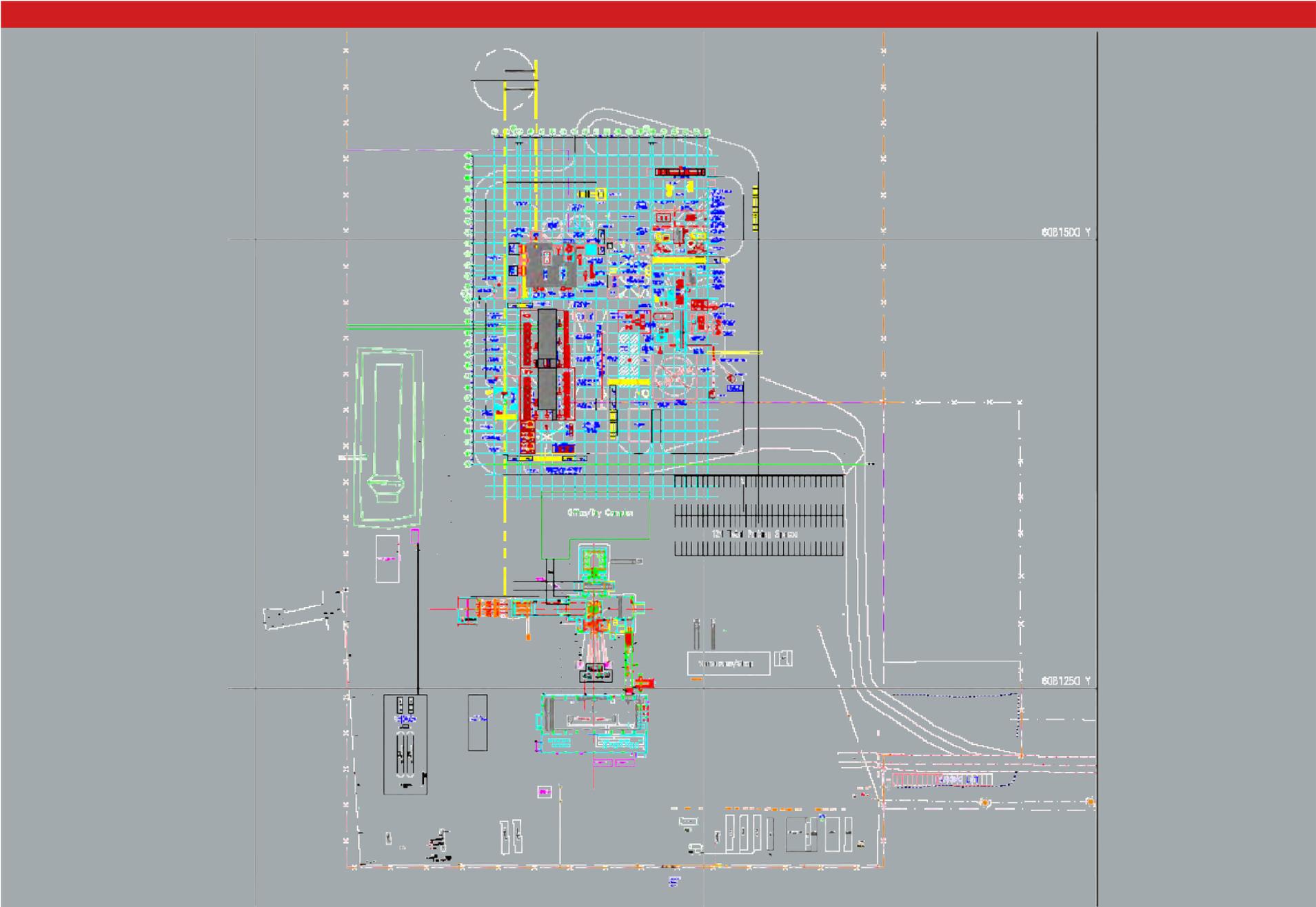
- Jaw crusher
- Crusher ore stockpile
- SAG mill for primary grinding
- Ball mill for secondary grinding
- Copper/lead flotation circuit
- Regrind mill
- Zinc flotation circuit
- Concentrate thickeners
- Concentrate filters
- Concentrate loadout shed
- Tailings thickener
- Paste backfill plant
- Offices
- Warehouse
- Maintenance shops
- Analytical laboratory

Amec 3D model on this page

Site Layout







Questions?

Lalor Concentrator Information Session Snow Lake

DATE OF MEETING : June 26, 2012

TIME OF MEETING : 7:00 pm

Questions Asked

- This list of questions may contain errors and omissions as transcribed.

NO.	Question
1	- What's the actual footprint of the building in size?
2	- Which direction is the Concentrator from the headframe?
3	- In building this will the mills be set in place and the building built around it?
4	- What is a SAG mill - what does S A G stand for and how is it different from a rod mill?
5	- How much water is there how deep is Anderson?
6	- Are we going to build a dam across Anderson with tailings?
7	- Your building the road around the edge of the lake and your building this dam is it going to leak?
8	- How long is Anderson going to last for tailings?
9	- How many dams do you have till the water hits Wekusko Lake? Rephrased - How many dams do you have to build before the water will hit the Wekusko Lake?
10	- Did you look at pushing the water and reclaim water tailings south onto the swamp?
11	- Is that (Anderson) the only place you can get a water permit for?
12	- This highway there going to put around it (Anderson) is it going to be built leak free?
13	- Your dam is going to run next to the highway?

14	- What kind of bridge are you going to put in there?
15	- Why wouldn't you put a bridge in there (instead of a culvert)?
16	- Don't you think what your doing is cause another Flin Flon? Clarification – Like the dust that would blow all over Creighton when I lived there (1950's) happen here?
17	- When you are done here no more ore Anderson will be very full of tailings the creek down the lake will be wide open how are you going to build the dam to keep this creek open?
18	- Right now we have tailings going into Wekusko lake right?
19	- You're increasing the dam in how much height vertical?
20	- How much more land is this going to cover, how much bigger is Anderson going to become?
21	- The one dam (existing) on Anderson creek, how many dams are you going to have?
22	- These dams do they stop the drainage from going into any other lakes?
23	- I don't understand why we couldn't go south out of Anderson outside of cost instead of trying to harm Wekusko?
24	- When are you going to get the stuff into Anderson to build the dams?
25	- Who said it's (the new dam) not needed yet (referring to the dam construction schedule)?
26	- If the tailings start getting into the creek and into Wekusko Lake, why can't they plug it up with limestone?
27	- It seems you are not going to build the dam (right away) because you don't want to spend the money till you need to.
28	- I suspect that you chase Anderson because using existing is easier then starting a new one.
29	- It is my understanding the current outflow to Anderson is quite well managed but starting a new one there can be surprises.
30	- How much of that (mill process) water is recycled?

40	- How often is the environment affects done?
41	- Are you going to have the results of that (latest testing) at the next meeting (AECOM presentation)?
42	- On the dams do you test the rock to see if there are any cracks in it?
43	- How far down (under the dam) are the bedrock?
44	- Do you pump die down the holes(in the dam) to see where it may com up?
45	- The present dam at Anderson creek how high is it?
46	- So your increasing the hight by 50% and you should be quite careful in building the new dam.
47	- How much of the new dam is going to rest on the old dam?

Rockcliff and VMS... what happened? Canoeing excursion takes on international flavour!



Taylor Bay core storage: Above Rockcliff, Below VMS
— photos by Marc Jackson



As many who have read recent editions of the *Underground Press* know, two companies that have been in the area for years exploring and drilling in their quest to find Snow Lake's next 'big one', have had their permits to store core from their operations scrutinized.

The history of the controversy goes back to last year, when both companies were required by the town to get conditional use permits. They were operating in a residential area (Taylor Bay cottage subdivision), where they are outside of the zoned use. Even though both had been there for some time, after complaints, the town contacted the companies and advised that they would be required to get a permit. Both complied and the permits were granted. Closer to the spring it was noted the permits would run out in the fall. Both companies approached the town and explained that even though their permits extended till fall, if they had to move their entire stockpile of core, they really had to do it in the summer. So they asked about getting an extension.

Snow Lake's Mayor Clarence Fisher says what happened next was there was some opposition from some of the people who live in Taylor Bay to them storing their core in the area. "It was reasonable, I don't have an issue with that," said Fisher. Both companies approached the town separately for extensions. Firstly, VMS and they were granted an extension; however, there were several conditions stipulated on the extension. As a result, a councillor filed a notice of motion for the council to go back and reconsider the conditions. The meeting following that notice of motion being filed, council reconsidered the motion and the conditions were removed.

Basically the same thing happened with Rockcliff. They determined the need for an

extension on their permit, and when it was put before council, it was defeated and a letter was sent asking that they move their core. This, of course, spurred the letter to the editor that was published in the last edition of the *Underground Press*. Nevertheless, at the following council meeting, a notice of motion was filed, the motion was reconsidered and it subsequently passed.

Fisher says that everything happened openly and democratically even if it didn't seem to be fair. "What happened was strange and I think it caught a number of people around this table off guard," the mayor said. "I mean let's be clear about the fact that as much as we have people sitting in the gallery who are unhappy with that being out there, we're not really happy with it being there either. I voted in favour of the motion, but the only reason that I am willing to vote in favour is because there is really no place else for them to go."

"Again, going back to our lots and what is happening with that. The thing that I keep saying when I speak to these motions is that there has always got to be a balance. I understand that the people out there don't want this stuff there, but on the other side of the balance is that the economy of the community is still pretty fragile in a lot of ways."

Fisher says if the town had land available for VMS and Rockcliff to move onto, he would have voted against their extension. "Now have we stuck them there, by possibly selling of our lots to someone else (Gardewine)," Fisher asked rhetorically? "Possibly, but again I think it's part of that balance. It is a divisive issue with people who live at Taylor Bay and it is a divisive issue around this table. We had a 4 to 3 vote one time, we had 3 to 2 another time. But I don't necessarily think that is a bad thing. That's how democracy works." MJ



Paddlers: (L), American Steve Hughes, Tasmanian Clayton Wood, Hilton Wood, Leone Jackson, Janet East, Kent Wood, Sherry and Don Playford — photo by Marc Jackson

An international group of modern day voyagers set out at 7:00 a.m., on Saturday, July 14th, to take an eagerly anticipated and long planned five day canoe trip up the Grass River. Heavily loaded, the three canoes and two kayaks sat low in the still waters at Bartlett Landing. However, with their paddles dipping in Wekusko's smoke covered vastness, the time had finally arrived. The group was away in an instant and the trip was underway. Siblings, Kent Wood (Snow Lake), Janet East (Barrie, ON), Leone Jackson (Snow Lake), and Hilton Wood (Winnipeg) were

paired together, along with Kent's son Clayton Wood of Spreyton, Tasmania and Kent's friend of many years, Steve Hughes of Homer, Alaska. Also a part of the group, but paddling kayaks, were the husband wife team of Don and Sherry Playford of Snow Lake. The teams maneuvered around the point at the landing and the stem paddler's chant of 'hut' resonated over the tranquility of the lake, long after the group was out of sight.

The paddlers planned to spend their first night on Wekusko's Ballard Island, prior to carrying on up the Grass to Setting Lake near Wabowden. MJ

HUDBAY

PUBLIC NOTICE

Open House for the Proposed Lalor Concentrator

Hudbay will be hosting an Open House to discuss the proposed Lalor Concentrator.

Location – Snow Lake Community Hall

August 8, 2012

From 7 p.m. to 9 p.m.

The Open House is part of the public engagement process for the environmental assessment of the proposed Lalor Concentrator. Representatives from Hudbay and AECOM Canada Ltd. will be on hand to present the project, receive comments, and answer questions regarding the project.



I would like to thank everyone who attended my birthday tea and for the many good wishes and cards that I received.



A special 'Thanks a Million' to Brenda and her helpers for putting on the tea for me. Words cannot express how honoured I felt! Also, thanks for the awesome supper.



Stewart



Lalor Concentrator Public Open House

Snow Lake Community Hall

August 8, 2012



Today's Who's Who

Hubbay

Karl Hoover – Project Manager

Stephen West – Environmental Superintendent

Jay Cooper – Assistant Superintendent,
Environmental Control

Joel Nilsen – Section Leader – Air & Water Programs

AECOM

Clifton Samoiloff – Environmental Lead

Somia Sadiq – Lead Assessor

Forward Looking Information

This presentation contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information includes but is not limited to information concerning the company's ability to develop its Lalor project and 777 North expansion, the ability to maintain a regular dividend on its common shares and the ability to obtain a listing on the New York Stock Exchange, the ability of management to execute on key strategic and operational objectives, the ability to meet production forecasts, the potential impact of changing economic conditions on HudBay's financial results and the company's strategies and future prospects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "understands" or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "will", "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the views, opinions, intentions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated or projected in the forward-looking information (including the actions of other parties who have agreed to do certain things and the approval of certain regulatory bodies).

Many of these assumptions are based on factors and events that are not within the control of HudBay and there is no assurance they will prove to be correct. Factors that could cause actual results or events to vary materially from results or events anticipated by such forward-looking information include the ability to develop and operate the Lalor project on an economic basis, geological and technical conditions at Lalor differing from areas successfully mined by Lalor in the past, the ability to meet required solvency tests to support a dividend payment, and in accordance with anticipated timelines, risks associated with the mining industry such as economic factors (including costs of construction materials, future commodity prices, currency fluctuations and energy prices), failure of plant, equipment, processes and transportation services to operate as anticipated, including new and upgraded facilities at Lalor, dependence on key personnel, employee relations and availability of equipment and skilled personnel, environmental risks, government regulation, actual results of current exploration activities, possible variations in ore grade, dilution or recovery rates, permitting timelines, capital expenditures, reclamation activities, land titles, and social and political developments and other risks of the mining industry, as well as those risk factors discussed in the company's Annual Information Form dated March 30, 2010, which risks may cause actual results to differ materially from any forward-looking statement.

Although HudBay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. HudBay undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws, or to comment on analyses, expectations or statements made by third parties in respect of HudBay, its financial or operating results or its securities. The reader is cautioned not to place undue reliance on forward-looking information.

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 and potential grades and quantities of minerals 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.

Qualified Person

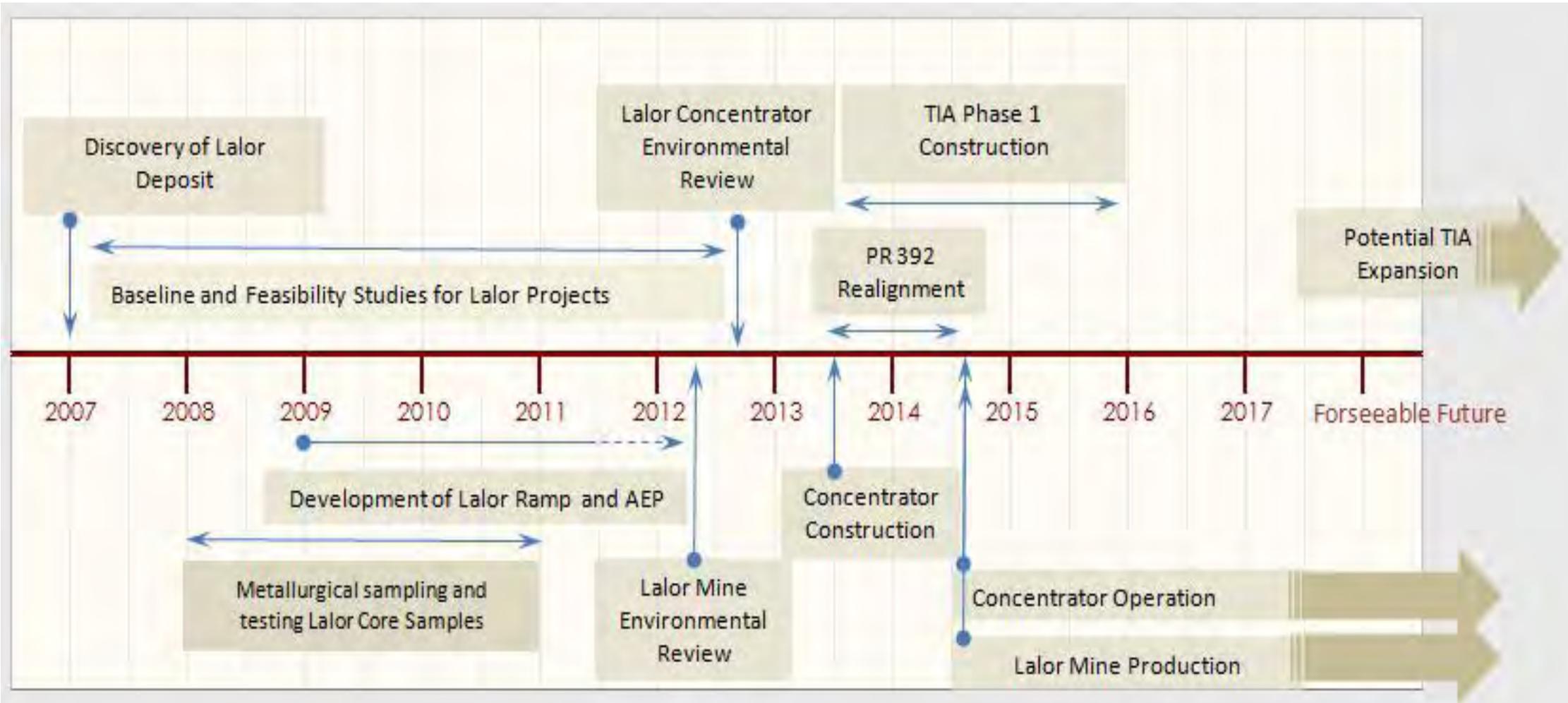
The Lalor mineral resource and conceptual estimates were prepared by Brian Hartman, M.Sc. P.Geo., HBMS geologist under the direct supervision of Robert Carter, B.Sc. P. Eng., HBMS superintendent, mines and technical services. Mr. Carter is a qualified person within the meaning of NI 43-101, and has reviewed and approved the scientific and technical information referred to in this presentation.

Purpose of Open House

- Present concept for planned Lalor Concentrator and information about the Environmental Assessment
- Undertake Public Consultation which is an important step in the Environmental Assessment process
- Gain insight into public concerns as a result of your comments



Project History and Timeline



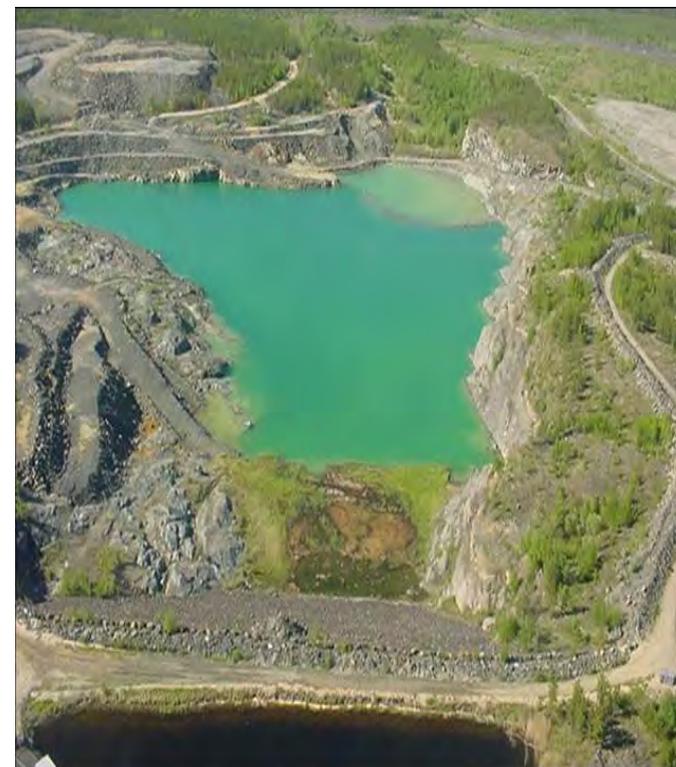
Brief History of HBMS in the Chisel Basin

- HBMS has operated mines in the Chisel Basin since the late 1950's
- Chisel Lake Mine, opened in 1958, was the first HBMS mine in the region
- Stall Lake Concentrator and Anderson Tailings Impoundment Area (TIA) opened in 1979. Several mines were in operation in the region at this time



Town of Snow Lake (Circa 1950's)

- In 1988 the Chisel Lake Mine was expanded with the development of the open pit
- Open pit was closed in 1994, and was followed by the opening of the Photo Lake Mine located 3 km east of the Chisel open pit
- Stall Lake Concentrator shut down in 1993, but re-opened in 1994 to process ore from the Photo Lake Mine



Chisel Open Pit

- Between 1998 and 2000, a decline ramp was driven from the bottom of the Photo Lake Mine to the current Chisel North Mine
- Chisel North Mine has been in operation since 2000, but experienced a temporary “shut-down” from February 2009 to March 2010
- Ore depletion at Chisel North expected to occur in 2012



Chisel North Mine