

OVERVIEW

Consistent with our Americas-focused acquisition strategy, in early 2011, HudBay acquired Norsemont Mining Inc. (“Norsemont”) and its wholly-owned Constancia copper porphyry project located in Southern Peru.

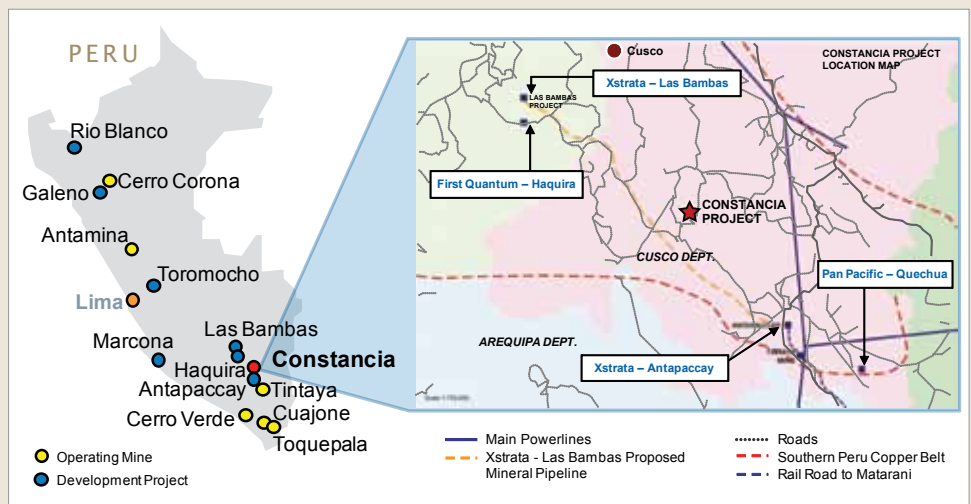
With expected total capital costs of nearly \$1 billion, HudBay is focused on moving Constancia toward full production by 2016 through a \$116 million 2011 pre-construction program that entails procurement and engineering activities, updating the resource model and completing a pit optimization study over the course of the year. The pre-construction program will enable HudBay to make a construction decision on the project in early 2012.

The Constancia project is located approximately 100 kilometers south of Cusco, Peru, in a highly prospective region near several development projects and operating mines. It is situated on the eastern side of the Andahuaylas-Yauri copper belt, approximately three kilometres from the Katanga mine, a copper-gold mine that operated from the early 1900s up until the 1990s. The project is also near the San Jose prospect, which was explored in the 1980s.

HIGHLIGHTS

- Open pit mine capable of large scale bulk mining;
- Low-cost operation with a low strip ratio;
- Key permits for the project already in place;
- Located in an established mining district, close to roads, major power lines and a port;
- Long mine life with substantial exploration potential.

Established Mining District



WELL POSITIONED – Mining Friendly Jurisdiction

Constancia is located in Peru, which has a tradition of mining and is widely regarded as one of the best jurisdictions for mining in the world:

- Peru ranks second in the world among copper producing countries;
- It is Latin America’s largest producer of gold;
- Peru boasts the third largest exploration expenditure by country in the world;
- The country’s stable regulatory environment is complemented by an investment grade rating of Baa3 from Moody’s and a triple B plus from S&P.

In addition to its strategic geographic location, Constancia is in the very fortunate position of being close to existing roads, major power lines, rail lines and a port.

The access road to Constancia spans 83 kilometres from the town of Yauri. There is also a power station located at Tintaya, approximately 70 kilometers away, and a rail head, which is 122 kilometres away from Constancia. The total distance between the project and the Matarani port is about 475 kilometres, which can be travelled by road.

CONSTANCIA PROJECT MINERAL RESERVE BY OPERATING MARGIN

Item	Ore Mt	Cu %	Mo g/t	Ag g/t	Au g/t
Low Margin <\$3.00/t					
Proven	19	0.14	47	1.6	0.02
Probable	88	0.13	42	1.8	0.02
Total Proven/Probable	107	0.13	43	1.7	0.02
High Margin >\$3.00/t					
Proven	195	0.42	120	3.5	0.04
Probable	177	0.37	92	3.7	0.05
Total Proven/Probable	372	0.39	105	3.6	0.05
TOTAL					
Proven	214	0.39	111	3.3	0.04
Probable	265	0.29	76	3.0	0.04
Total Proven/Probable	480	0.33	91	3.2	0.04

Source: NI 43-101 technical report titled, "Constancia Project Technical Report", dated February 21, 2011

Ausenco Solutions Canada Inc. completed a Feasibility Study Optimization report for Norsemont on the Constancia project dated February 21, 2011 ("FSO"). The FSO estimates a global mineral reserve of 372 million tonnes grading 0.39% Cu, 105 g/t Mo, 3.6 g/t Ag and 0.05 g/t Au (using high operating margin ore above US\$3.00/tonne). The FSO evaluates the potential development of a low-cost open pit mine with a nominal 70,000 tpd sulphide concentrator plant producing copper and molybdenum concentrates with silver and gold by-product credits.

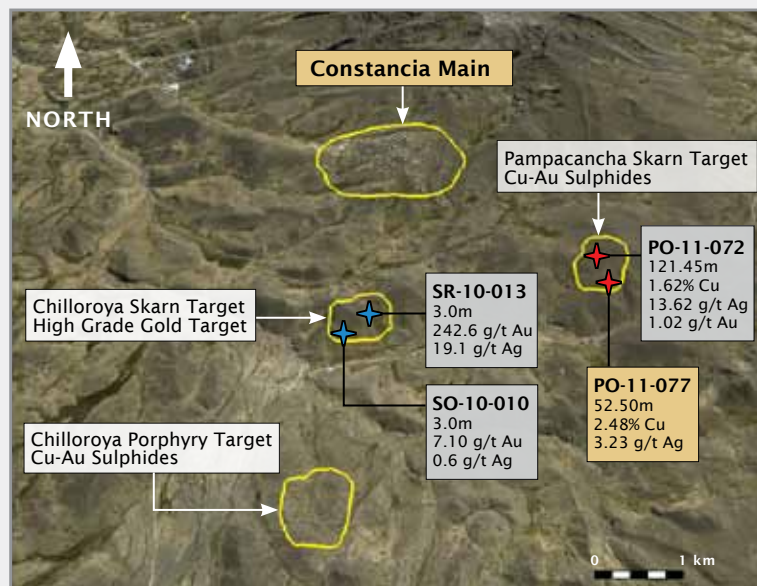
The FSO estimates average annual production of approximately 180 million pounds of payable copper at total cash costs of US\$0.93/lb (net of by-product credits). Total development capital cost estimates are US\$920 million and sustaining capital over the mine life is expected to be US\$240 million.

The concentrator plant throughput rate ranges up to 76,000 tpd depending on the type of ore. Constancia's mineral reserve estimate comprises of 75 million tonnes of supergene ore, 248 million tonnes of hypogene ore and a small amount of skarn mineralization. The supergene ore is located at the surface of Constancia, which is expected to be mined in the earlier years of Constancia's mine life. The hypogene ore is located below the supergene ore and will be mined toward the later years of Constancia's mine life. The reserves at Constancia are sufficient to support a 15 year mine life, with good potential for mine life extension through exploration.

CONSTANCIA EXPLORATION PROGRAM

Drilling confirms continuity of copper mineralization

- Obtained permits required to continue testing mineralized extent of Pampacancha
- Three drills will continue to explore Pampacancha to the north and west
- Targets identified for future drilling at Chilloroya South



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