

Hudbay Receives Aquifer Protection Permit for Copper World

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TORONTO, Aug. 29, 2024 - [Hudbay Minerals Inc.](#) ("Hudbay" or the "Company") (TSX, NYSE: HBM) is pleased to announce that it has received an Aquifer Protection Permit for the Copper World project ("Copper World") from the Arizona Department of Environmental Quality ("ADEQ"). The company proactively engaged with the ADEQ, ensuring a transparent and thorough permitting process by providing comprehensive and detailed information. The issuance of this permit is a key milestone in the advancement of Copper World, which is a standalone operation requiring state and local permits and is expected to produce 85,000 tonnes of copper per year over a 20-year mine life.

"Receiving the Aquifer Protection Permit is a significant de-risking event for Copper World as it brings us one step closer to being fully permitted," said Peter Kukielski, President and Chief Executive Officer. "The last key state-level permit, the Air Quality Permit, continues to progress as planned and will mark the completion of one of the three key prerequisites in the company's prudent sanctioning plan for the project. Copper World represents Hudbay's next significant copper growth project and is expected to increase consolidated annual copper production by more than 50% from current levels. Copper World will also be a key contributor to the domestic U.S. supply chain with our plans to produce Made-in-America copper."

Once in production, Copper World is expected to be a meaningful copper producer in the U.S. domestic copper supply chain, which will be required to help secure growing U.S. metal demand related to increased manufacturing capacity, infrastructure development, increased energy independence and domestic battery supply chain and production needs. The "Made-in-America" copper cathode anticipated to be produced at Copper World is expected to be sold entirely to domestic U.S. customers and would make Copper World the third largest cathode producer in the U.S.ⁱ

Copper World Permitting on Track

There are three key state permits required for Copper World sanctioning:

- *Mined Land Reclamation Plan - Completed* - the Mined Land Reclamation Plan was initially approved by the Arizona State Mine Inspector in October 2021 and was subsequently amended and approved to reflect a larger private land project footprint. This approval was challenged in state court, but the challenge was dismissed in May 2023.
- *Aquifer Protection Permit - Completed* - the Aquifer Protection Permit was received on August 29, 2024 from the ADEQ following a robust process that included detailed analysis by the agency and Hudbay, along with a public comment period that was completed in the second quarter of 2024.
- *Air Quality Permit - On Track* - the Air Quality Permit application was submitted to the ADEQ in late 2022 and follows a similar robust process, including a public comment period that commenced in July and is scheduled to conclude in September 2024.

Hudbay is pleased with the level of local support received at the public comment meetings and looks forward to providing significant social and environmental benefits for the community and local economy in Arizona. Over the proposed initial 20-year mine life, the company expects to contribute more than \$850 million in U.S. taxes, including approximately \$170 million in taxes to the state of Arizona. Hudbay also expects Copper World to create more than 400 direct jobs and up to 3,000 indirect jobs in Arizona. Copper World will offer competitive wages and benefits, and the company intends to engage in partnerships with local apprenticeship readiness programs and community-based workforce training programs across the skilled and technical levels to fill and maintain all positions. The company has received support from several local unions, with the signing of a letter of intent for the project execution phase in May 2024, including The International Brotherhood of Boilermakers, Iron Ship Builders, Forgers and Helpers Local 627, The Laborers International Union of North America Local 1184, and The United Brotherhood of Carpenters and Joiners of America Local 1912.

Advancing Prudent Financing Plan with Disciplined Capital Allocation

As part of Hudbay's disciplined financial planning approach to Copper World, in October 2022, the company introduced a three prerequisites plan ("3-P"), as shown in Figure 1, including specific leverage targets and other criteria that would need to be achieved prior to making a project sanctioning decision for Copper World. The 3-P plan has the following components:

1. *Permits* - receipt of all required state level permits
2. *Plan* - completion of a definitive feasibility study with an internal rate of return of greater than 15%
3. *Prudent Financing Strategy* - multi-faceted financing strategy, including a committed minority joint venture partner, a renegotiated precious metals stream agreement optimized for the current project, net debt to EBITDA ratio of less than 1.2 times, a minimum cash balance of \$600 million, and limited non-recourse project level debt.

Since the release of the 3-P plan, Hudbay has taken prudent measures to transform its balance sheet in preparation for a sanctioning decision, through strong cash flow generation, deleveraging initiatives and the completion of a successful equity offering. Hudbay has generated \$824 million in Adjusted EBITDAⁱⁱ and substantially reduced net debtⁱⁱ by \$559 million for the twelve months ending June 30, 2024. The net debt reduction, together with higher levels of adjusted EBITDAⁱⁱ, have improved the company's net debt to adjusted EBITDA ratioⁱⁱ to 0.8x. This improved balance sheet flexibility and accelerated debt reduction significantly advances the company's progress towards its 3-P plan for sanctioning Copper World and has resulted in the successful achievement of the targeted 1.2x net debt to adjusted EBITDA ratio well ahead of schedule.

With the receipt of the Aquifer Protection Permit, the company expects to commence activities related to the preparation of feasibility studies for Copper World. As a result, 2024 growth capital spending in Arizona is expected to increase by an additional \$25 million, compared to the company's original 2024 guidance of \$20 million.

Hudbay intends to commence a minority joint venture partner process after receiving the last outstanding permit. The company expects the potential joint venture partner to participate in the funding of definitive feasibility study activities in 2025 as well as in the final project design and construction for Copper World.

The opportunity to sanction Copper World is not expected until early 2026 based on current estimated timelines. The decision to sanction Copper World will ultimately be evaluated against other competing investment opportunities as part of Hudbay's capital allocation process.

Bolstering the Arizona Team

With the significant progress achieved to-date and the continued advancement of Copper World towards a project sanctioning decision, Hudbay has been actively expanding its local team in Arizona to build project bench strength and establish key leadership roles.

Hudbay's Senior Vice President of the U.S. Business Unit, Javier Del Rio, has been focusing his time solely on leading the Copper World project, leveraging his project development and operational expertise as the former head of Hudbay's South America Business Unit where he oversaw the development and operation of the company's flagship Constancia mine in Peru. In addition, Warren Flannery, Hudbay's Vice President of Business Planning and Reclamation, will relocate to Arizona to take on the role of Vice President of Copper World. In his new role, Mr. Flannery will lead the operational readiness of Copper World as the company commences early feasibility work and plans to complete a definitive feasibility study in 2025.

Adding to the team's U.S. expertise, Hudbay has hired Robert Comer as Executive Director, External Affairs & Legal in Arizona. Mr. Comer brings more than 30 years of U.S. permitting and mining law experience. During his career, Mr. Comer has held senior leadership positions with businesses and the federal government and has successfully advanced numerous resource projects, including through environmental and land use compliance, defending permits through litigation, NEPA permitting and government relations. He will be a significant asset to Copper World as Hudbay continues to advance towards a sanctioning decision.

About Copper World

The 100% owned Copper World project is located in Pima County, Arizona, approximately 50 kilometres southeast of Tucson. The Copper World project includes seven deposits discovered in 2021, together with the East deposit (formerly known as the Rosemont deposit). A new resource model was completed for the preliminary economic assessment ("PEA") of Copper World in 2022, which contemplated a two-phased mine plan with Phase I as a standalone operation requiring state and local permits only and Phase II expanding onto federal lands requiring federal permits.

In September 2023, Hudbay released its enhanced pre-feasibility study ("PFS") for Copper World reflecting the results of further technical work on Phase I of the project. Phase I has a mine life of 20 years, which is four years longer than the Phase I mine life that was presented in the PEA, largely due to an increase in the capacity for tailings and waste deposition as a result of optimizing the site layout. Phase II is expected to involve an expansion onto federal lands with a significantly longer mine life and enhanced project economics. Phase II would be subject to the federal permitting process and was not included in the PFS results.

Based on the PFS, Phase I contemplates average annual copper production of 85,000 tonnes over a 20-year mine life, at average cash costs and sustaining cash costs of \$1.47 and \$1.81 per pound of copperⁱⁱⁱ, respectively. A variable cut-off grade strategy allows for higher mill head grades in the first ten years, which increases annual production to approximately 92,000 tonnes of copper at average cash costs and sustaining cash costs of \$1.53 and \$1.95 per pound of copperⁱⁱⁱ, respectively.

The estimated total initial funding requirement for Phase I of Copper World, net of the stream agreement, amounts to approximately \$1.1 billion. At a copper price of \$3.75 per pound, the after-tax net present value ("NPV") of Phase I using an 8% discount rate is \$1.1 billion and the internal rate of return ("IRR") is 19%. The valuation metrics are leveraged to higher copper prices and at a price of \$4.25 per pound, the after-tax NPV (8%) of Phase I increases to \$1.7 billion, and the IRR increases to 25.5%.

Copper World is one of the highest-grade open pit copper projects in the Americas^{iv} with proven and probable mineral reserves of 385 million tonnes at 0.54% copper. There remains approximately 60% of the total copper contained in measured and indicated mineral resources (exclusive of mineral reserves), providing significant potential for Phase II expansion and mine life extension. In addition, the inferred mineral resource estimates are at a comparable copper grade and also provide significant upside potential.

Qualified Person and NI 43-101

The technical and scientific information in this news release related to the company's Copper World project has been approved by Olivier Tavchandjian, P. Geo, Hudbay's Senior Vice President, Exploration and Technical Services. Mr. Tavchandjian is a qualified person pursuant to Canadian Securities Administrators' National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101").

A copy of the Copper World PFS is available on Hudbay's SEDAR+ profile at www.sedarplus.ca and on Hudbay's EDGAR profile at www.sec.gov.

Cautionary Note to United States Investors

This news release has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Canadian reporting requirements for disclosure of mineral properties are governed NI 43-101.

For this reason, information contained in this news release in respect of the Copper World project may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. For further information on the differences between the disclosure requirements for mineral properties under the United States federal securities laws and NI 43-101, please refer to the company's annual information form, a copy of which has been filed under Hudbay's profile on SEDAR+ at www.sedarplus.ca and the company's Form 40-F, a copy of which has been filed under Hudbay's profile on

EDGAR at www.sec.gov.

Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian and United States securities legislation. Forward-looking information includes, but is not limited to, Hudbay's expectations regarding the remaining permits for Copper World, expectations around the timing and amount of future spending at Copper World, intentions with respect to Hudbay's 3-P plan for sanctioning Copper World and expectations regarding the economics for the Copper World project. 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, obtaining the final permits for Copper World Phase I, no significant unanticipated litigation or delays to the advancement of Copper World, maintaining the company's 3-P plan for sanctioning Copper World, no change in laws, renegotiating the precious metals stream agreement for Copper World and the availability of a minority partner and financing to develop Copper World.

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, energy prices and general cost escalation), litigation, regulatory and landholding risks associated with the development and operation of Copper World as well as the risks discussed under the heading "Risk Factors" in Hudbay's most recent Annual Information Form.

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 news release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

About Hudbay

Hudbay (TSX, NYSE: HBM) is a copper-focused mining company with three long-life operations and a world-class pipeline of copper growth projects in tier-one mining-friendly jurisdictions of Canada, Peru and the United States.

Hudbay's operating portfolio includes the Constancia mine in Cusco (Peru), the Snow Lake operations in Manitoba (Canada) and the Copper Mountain mine in British Columbia (Canada). Copper is the primary metal produced by the company, which is complemented by meaningful gold production. Hudbay's growth pipeline includes the Copper World project in Arizona (United States), the Mason project in Nevada (United States), the Llaguen project in La Libertad (Peru) and several expansion and exploration opportunities near its existing operations.

The value Hudbay creates and the impact it has is embodied in its purpose statement: "We care about our people, our communities and our planet. Hudbay provides the metals the world needs. We work sustainably, transform lives and create better futures for communities." Hudbay's mission is to create sustainable value and strong returns by leveraging its core strengths in community relations, focused exploration, mine development and efficient operations.

For further information, please contact:

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Figure 1: Prudently Advancing Copper World with Disciplined 3-P Plan for Project Sanctioning
In late 2022, Hudbay unveiled a prudent financial plan with three key prerequisites to be achieved prior to a potential project sanctioning decision, including a Plan with robust economics from a definitive feasibility study, Permits from the state issuing agencies and a Prudent financing strategy.

ⁱ Sourced from Wood Mackenzie (Q2 2024 dataset).

ⁱⁱ Adjusted EBITDA, net debt, and net debt to adjusted EBITDA ratio are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and detailed reconciliation, please see the "Non-IFRS Financial Performance Measures" in the latest earnings news release or management's discussion and analysis for each reporting period.

ⁱⁱⁱ Cash costs and sustaining cash costs are non-IFRS financial performance measures with no standardized definition under IFRS. For further details on why Hudbay believes cash costs are a useful performance indicator, please refer to the company's most recent management's discussion and analysis for the period ended June 30, 2024.

^{iv} Sourced from S&P Global, August 2024.

A photo accompanying this announcement is available at
<https://www.globenewswire.com/NewsRoom/AttachmentNg/a87f0b74-63c0-46b1-be89-e739c3d4f7b7>

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