

HBM Earnings Call Transcript

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Quarter: 2

Operator: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Hudbay Minerals Inc. Second Quarter 2025 Results Conference Call. [Operator Instructions] I would like to remind everyone that this conference call is being recorded today, August 13, 2025, at 11:00 a.m. Eastern Time. I would now like to turn the conference over to Candace Brule, Vice President, Investor Relations. Please go ahead.

Candace Brule: Thank you, operator. Good morning, and welcome to Hudbay's 2025 Second Quarter Results Conference Call. Hudbay's financial results were issued this morning and are available on our website at www.hudbay.com. A corresponding PowerPoint presentation is available in the Investor Events section of our website, and we encourage you to refer to it during this call. Our presenter today is Peter Kukielski, Hudbay's President and Chief Executive Officer. Accompanying Peter for the Q&A; portion of the call will be Eugene Lei, our Chief Financial Officer; and Andre Lauzon, our Chief Operating Officer. Please note that comments made on today's call may contain forward-looking information, and this information, by its nature, is subject to risks and uncertainties and, as such, actual results may differ materially from the views expressed today. For further information on these risks and uncertainties, please consult the company's relevant filings on SEDAR+ and EDGAR. These documents are also available on our website. As a reminder, all amounts discussed on today's call are in U.S. dollars unless otherwise noted. And now I'll pass the call over to Peter Kukielski.

Peter Gerald Jan Kukielski: Thank you, Candace. Good morning, everyone, and thank you for joining us for today's presentation. Once again, we delivered another quarter of significant free cash flow generation, driven by continued industry-leading cost margins and diversified exposure to copper and gold. This strong financial performance enabled us to further reduce long-term debt, invest in our many high-return growth projects and further strengthen our balance sheet to its best position in well over a decade. We are also very pleased to announce a minority joint venture agreement with Mitsubishi Corporation at our Copper World project in Arizona, which further solidifies our financial strength and significantly reduces our funding requirement to develop this attractive project. We have secured the premier joint venture partner at an attractive valuation to develop our world-class Copper World project and establish a long-term strategic partnership that will unlock significant value in our copper growth pipeline. Through a highly accretive joint venture and enhanced precious metal streaming deal and the achievement of our financial targets, we have successfully realized the key elements of our prudent 3P financial plan and significantly derisked the Copper World project as we advance towards a sanctioned decision in 2026. I will touch on the JV transaction in more detail in a moment, but first, I will discuss our second quarter results, starting on Slide 3. The strong financial results in the second quarter were driven by steady copper production, complementary gold production and continued cost control across the business. Our operations in Manitoba showed remarkable resilience against unprecedented wildfires, prioritizing the safety of our people and communities while still delivering strong gold production. In Peru, our steady operating performance delivered production and costs in line with our expectations. And in British Columbia, we made excellent progress on our optimization plans with the SAG mill conversion project. Thank you, Candace. Good morning, everyone, and thank you for joining us for today's presentation. Once again, we delivered another quarter of significant free cash flow generation, driven by continued industry-leading cost margins and diversified exposure to copper and

gold. This strong financial performance enabled us to further reduce long-term debt, invest in our many high-return growth projects and further strengthen our balance sheet to its best position in well over a decade. We are also very pleased to announce a minority joint venture agreement with Mitsubishi Corporation at our Copper World project in Arizona, which further solidifies our financial strength and significantly reduces our funding requirement to develop this attractive project. We have secured the premier joint venture partner at an attractive valuation to develop our world-class Copper World project and establish a long-term strategic partnership that will unlock significant value in our copper growth pipeline. Through a highly accretive joint venture and enhanced precious metal streaming deal and the achievement of our financial targets. We have successfully realized the key elements of our prudent 3P financial plan and significantly derisked the Copper world project as we advance towards a sanctioned decision in 2026. I will touch on the JV transaction in more detail in a moment. But first, I will discuss our second quarter results, starting on Slide 3. The strong financial results in the second quarter were driven by steady copper production, complementary gold production and continued cost control across the business. Our operations in Manitoba showed remarkable resilience against unprecedented wildfires, prioritizing the safety of our people and communities while still delivering strong gold production. In Peru, our steady operating performance delivered production and costs in line with our expectations. And in British Columbia, we made excellent progress on our optimization plans with the SAG mill conversion project. Consolidated copper production in the second quarter was 30,000 tonnes, and consolidated gold production was 56,000 ounces. Consolidated copper production was relatively in line with the first quarter as higher production in Peru offset lower production in Manitoba from a suspension of operations in June due to mandatory wildfire evacuation orders. Consolidated gold production was lower than the first quarter because of the wildfire impacts in Manitoba. Consolidated silver production was 815,000 ounces and zinc production was 5,000 tonnes in the second quarter. We had another quarter of industry-leading cost performance with consolidated cash cost of negative \$0.02 per pound and sustaining cash cost of \$1.65 per pound. The increase compared to the first quarter was due to lower byproduct credits, combined with planned higher sustaining capital expenditures, but both metrics are well below the low end of the cost guidance ranges. With the strong performance in the first half of the year, we are reaffirming our full year consolidated production guidance for all metals. We are favorably tracking well below our full year consolidated cost guidance for 2025, which has resulted in an improved cost guidance range of \$0.65 to \$0.85, a decrease from our original cost guidance range of \$0.80 to \$1 per pound. In the second quarter, we achieved adjusted EBITDA of \$245 million, resulting in record annual trailing 12-month adjusted EBITDA of \$996 million as of June 30. Net earnings were \$0.30 per share and adjusted net earnings were \$0.19 per share in the second quarter after adjusting for noncash gains from foreign exchange, revaluation from environmental reclamation provisions, mark-to-market investment revaluation and flow-through share expenditures. Cash generated from operating activities of \$260 million increased compared to the first quarter as a result of higher gross margins driven by stable copper production, higher realized prices and positive working capital management. Similarly, operating cash flow before change in noncash working capital was \$194 million, a \$30 million increase from the first quarter as a result of lower cash taxes, offset by lower gold and copper sales volumes in Manitoba. The strong financial performance during the second quarter marked the eighth consecutive quarter of meaningful free cash flow generation, as shown on Slide 4. We generated \$88 million of free cash flow in the quarter. And over the last 12 months, we have generated more than \$400 million in free cash flow as a result of steady operating performance, expanding margins from strong copper and gold exposure, and a focus on cost control across the business. As a result of the continued free cash flow generation and prudent balance sheet management, we repurchased and retired \$50 million of senior unsecured notes at a discount to par during the quarter. This has resulted in approximately \$295 million in total debt repayments and gold prepayment liability reductions since the beginning of 2024, including \$133 million in total bond buybacks, \$100 million of revolver repayments and \$62 million to fully repay the gold prepay facility completed in August 2024. We ended the quarter with \$626 million in cash and cash equivalents, and our net debt reduced to \$434 million. This has further improved our leverage ratio to 0.4x as of June 30, the lowest in more than a decade. While the majority of revenues continue to be derived from copper production, gold continues to represent more than 36% of total revenues in the second quarter. Our

unique copper and gold diversification continues to provide significant leverage to both higher copper and gold prices. Our fortified balance sheet and robust free cash flow generation will allow us to continue to prudently reinvest in our portfolio of attractive high-return brownfield and greenfield opportunities to drive near-term and long-term production growth. Turning to Slide 5. Our Peru operations produced 22,000 tonnes of copper in the second quarter, in line with quarterly cadence expectations. Copper production increased compared to the first quarter as milled copper grades exceeded first quarter levels. Constancia also produced 7,000 ounces of gold, 552,000 ounces of silver, and 375 tonnes of molybdenum. During the quarter, the last major stripping program at Pampacancha was completed, which included higher amounts of waste stripping than originally planned. As a result, we replaced higher-grade Pampacancha ore with higher-grade Constancia ore in the quarter, and Pampacancha is now expected to be depleted in the first quarter of 2026 rather than in late 2025. Protests that started early in the third quarter temporarily impacted the transportation of supplies and concentrate and has affected mine sequencing. The Constancia mill has continued to operate during this period and the road blockades along the concentrate transportation route have since reopened, allowing us to reduce site concentrate inventory levels and replenish supplies. Despite these short-term mine plan changes, we remain on track to achieve our full year production guidance for all metals in Peru. Mill throughput in the quarter was impacted by the planned semiannual mill maintenance shutdown and therefore, was lower than the first quarter. Milled copper grades increased by 13% relative to the first quarter due to higher grades in the Constancia pit, while milled gold grades remained consistent with the prior quarter as Pampacancha stripping activities were underway in both quarters. Mill recoveries for all metals remained in line with our metallurgical models for the ore type that was being processed. The operations delivered strong cost performance in the quarter with cash cost of \$1.45 per pound despite higher maintenance costs associated with the planned mill maintenance program and lower byproduct credits. We remain well positioned to achieve the full year cash cost guidance in Peru. Moving to our Manitoba operations on Slide 6. I personally want to thank the dedicated on-site team who demonstrated tremendous effort and unwavering commitment during the unprecedented wildfire situation in both Flin Flon and Snow Lake during the quarter. The team tirelessly safeguarded our assets and collaborated closely with the local communities and provincial authorities, providing essential support to emergency response efforts. These efforts resulted in no damage to Hudbay's infrastructure and facilities. In addition, we committed over CAD 2 million in funding support to our evacuated employees, including \$1.6 million in direct financial support and \$500,000 in a donation to the Canadian Red Cross to support wildfire emergency relief and rebuilding efforts in northern Manitoba. Despite disruptions from the mandatory evacuation orders in May and June, the Manitoba operations showed remarkable resilience and achieved several key milestones in the second quarter. The operations produced 43,000 ounces of gold, 1,600 tonnes of copper, 5,100 tonnes of zinc and 198,000 ounces of silver in the second quarter. These were lower than the first quarter, primarily due to lower production in June associated with the 13-day temporary suspension of operations from the wildfire evacuation shutdown. The Lalor mine managed through a period of reduced workforce prior to and after the temporary suspension of operations. Despite these challenges, the mine averaged 3,300 tonnes per day in the second quarter, strategically prioritizing mining from gold zones to ensure a consistent feed for the New Britannia mill. Gold grades were in line with mine plan expectations, while being lower than the exceptional gold grade mined in the first quarter of 2025. Continuous improvement efforts at Lalor focused on ore quality and advancing stope modifications to enhance mucking productivity. Capital development continued, aiming to secure high-grade copper gold mineralization from Zone 27 and prepare Zone 17 for the next copper gold mining front. The New Britannia mill achieved record monthly production levels in April, exceeding 2,300 tonnes per day. This significant milestone is a testament to ongoing low capital projects and recent piping improvements that boosted throughput and maintained strong gold recoveries. New Britannia's mill throughput averaged approximately 1,800 tonnes per day during the second quarter, reflecting the record levels achieved in April, offset by lower throughput levels in June associated with the wildfire evacuation shutdown. New Britannia gold recoveries of 89% were consistent with the first quarter. The Stall mill continues to process less ore compared to prior periods, which is aligned with our strategy of allocating more Lalor ore feed to New Britannia to maximize gold recoveries. The Stall mill achieved gold recoveries of 68%

in the quarter, reflecting benefits from recent recovery improvement programs. Gold cash costs for the second quarter were \$710 per ounce, impacted by lower gold production, as previously mentioned, but were within the guidance range. On July 10, the second mandatory wildfire evacuation notice was issued for the town of Snow Lake, and we suspended the Snow Lake operations in a controlled, safe and orderly manner. All of our employees remain safe, and there has been no structural damage to Hudbay's on-site surface infrastructure and facilities. With the strong start to the year, we continue to expect to achieve our 2025 production guidance in Manitoba. And with cash costs in the first half of the year outperforming the low end of the cost guidance range, we are still well positioned to achieve the 2025 cash cost guidance range in Manitoba. At our third operating business unit, British Columbia, which is discussed on Slide 7, we continue to focus on advancing our optimization plans. Copper Mountain produced 6,600 tonnes of copper, 5,700 ounces of gold and 65,000 ounces of silver. Production of gold was higher than the first quarter due largely to higher recoveries, while copper and silver were lower primarily as a result of lower head grades from the use of stockpiled ore in the second quarter. We remain on track to achieve our 2025 production guidance for all metals in British Columbia and continue to expect higher production in the second half of the year as the mill improvement project takes effect. Mining activities in the quarter continue to focus on execution of the 3-year accelerated stripping program intended to bring higher- grade ore into the mine plan. Total material moved in the quarter increased with the effective usage of the mining fleet and continued focus on mining efficiencies, including improvements with blasted muck inventories and operator recruitment. Total material moved is expected to continue to increase quarter-over-quarter as per the mine plan. Mill throughput in the second quarter was limited by both planned and unplanned maintenance and area constraints related to the completion of the SAG conversion project. We made significant progress on this project, which entails converting the third ball mill to a second SAG mill. On July 10, we successfully completed the initial phase of the project on time and on budget. The next phase of the project involves converting an interim feed arrangement to a permanent configuration, which remains on target for completion in the second half of the year. This is anticipated to enable mill throughput to ramp up throughout the second half of the year and increase the nominal plant capacity to its permitted level of 50,000 tonnes per day in 2026. During the second quarter, copper recoveries were 81% and gold recoveries were 68%, both higher than the first quarter despite lower head grades. Similar to our other operations, British Columbia achieved strong cost performance this quarter. Cash costs were \$2.39 per pound in the quarter, an improvement over the first quarter as a result of higher by-product credits and the realized benefits from ongoing optimization efforts. With cash costs in the low end of the 2025 guidance range for the first half of the year, we are well on track to achieve our 2025 cash cost guidance range in British Columbia. We also achieved a significant permitting milestone for our New Ingerbelle growth project at Copper Mountain during the quarter. On May 12, after more than a year of detailed preparation, our permitting application was successfully accepted into review by the B.C. Major Mines Office and is now advancing through a Mine Review Committee process. Our team continues ongoing engagement with the local First Nations and other stakeholder groups as part of our commitment to cultivating transparency and mutually beneficial relationships. At our Copper World project in Arizona, we are very pleased to be welcoming Mitsubishi Corporation as our 30% strategic partner, representing an important milestone as we advance this high-quality copper project towards sanctioning and unlock significant value in our copper growth portfolio. Slide 8 discusses the details of the transaction. Under the joint venture transaction, Mitsubishi will acquire a 30% minority equity interest in Copper World for an initial contribution of \$600 million. This comprises \$420 million in cash contribution at closing and \$180 million within 18 months of closing. Mitsubishi will also fund its pro rata 30% share of future capital contributions. This valuation is highly attractive to Hudbay as it implies a significant premium to consensus net asset value for Copper World. As a result of the JV proceeds and future capital contributions, the levered project IRR to Hudbay significantly increases to approximately 90%. I have a long history of involvement with joint ventures over my career, including developing and operating Antamina with Mitsubishi back in the 1990s and 2000s, and I've seen how strategic joint ventures have built some of the best mines in the world. After a highly robust and competitive process, we have selected the premier partner of choice in Mitsubishi. As noted on Slide 9, Mitsubishi is one of the largest of the Japanese trading houses and is a globally integrated minerals trading and investment

company. Mitsubishi currently has investments in 5 of the top 20 copper mines in the world and is looking to continue to add to that world-class pipeline. They have a significant United States business that has over 50 subsidiaries and affiliates across various business sectors and manages \$9 billion in total assets in North America. This strategic partnership validates the attractive long-term value of Copper World as a world-class copper asset and endorses the strong technical capabilities of Hudbay. We have also amended the Wheaton Precious Metals stream at Copper World as summarized on Slide 10. This enhanced stream provides an additional contingent payment of up to \$70 million on future potential mill expansion milestones and recognizes the long-term potential at Copper World. We have also modernized the ongoing payments for gold and silver from fixed pricing to 15% of spot prices to provide upside exposure to higher precious metals prices. The JV transaction initial cash contributions plus future pro rata equity capital contributions from Mitsubishi provides significant financial flexibility for Hudbay by reducing our estimated share of the remaining capital contributions to approximately \$200 million based on PFS estimates. It also defers our first capital contribution to 2028 at the earliest. Slide 11 highlights our 3P plan that we implemented in late 2022 to guide investment and value creation at Copper World. The announcements of the Mitsubishi joint venture and the enhanced Wheaton stream, together with the recent achievement of our stated balance sheet targets has successfully completed the key elements of our 3P plan. Since 2022, we have secured all required permits for Copper World Phase 1. Definitive feasibility studies are well underway and on track for completion by mid-2026 as we advance the project towards a sanction decision. With the financial results we announced today, we completed all of the key elements of our prudent financing strategy. We are well positioned to build one of the next major copper mines in the United States, while continuing to maintain a strong balance sheet throughout the build. Copper World will support the United States government's foreign investment and national security objectives with direct \$1.5 billion of investment into the U.S. critical mineral supply chain, which also represents one of the largest investments in southern Arizona's history. Hudbay is the fourth largest copper company listed on the New York Stock Exchange. And with the majority of our shareholders domiciled in the United States, we are pleased to advance America's next major copper mine. Copper World is a critical minerals project that underpins the United States as a global leader in copper production. We are supported by a partner with a large operational footprint in the United States, deep ties to the domestic economy and the history of significant investment into the United States. The fully permitted initial phase of the Copper World project is located on private land owned by Hudbay. The mine is expected to produce 85,000 tonnes of copper per year over an initial 20-year mine life with an average of 92,000 tonnes per year expected over the first 10 years. During the 3-year construction period, Copper World is expected to create more than 1,000 jobs and will engage union labor for project construction with letters of commitments currently in place with seven U.S. labor unions. Copper World is also expected to contribute over \$850 million in U.S. taxes and create more than 400 direct jobs and 3,000 indirect jobs in Arizona once in production. Our Made in America copper production will contribute to the domestic U.S. copper supply chain and strengthen manufacturing capacity, national security and energy independence. Turning to Slide 13. Copper World is the most advanced greenfield project in our portfolio and offers significant copper exposure and highly attractive project economics. With this successful JV milestone at Copper World, we will continue to derisk the project by accelerating detailed engineering, some key long lead items and other derisking activities this year, resulting in an additional \$20 million in growth capital expenditures that have been advanced to 2025 from future years. As a result, total 2025 Arizona growth spending guidance has increased to \$110 million from \$90 million on a 100% basis. Copper World is one of the highest grade open pit copper projects in the Americas with mineral reserves of 385 million tonnes at 0.54% copper. Once in production, Copper World is expected to be one of the largest copper producers in the United States. Concluding on Slide 14, Hudbay currently produces more than 130,000 tonnes of copper per year, which is further augmented by more than 250,000 ounces of gold per year, offering commodity diversification and cash flow resiliency in volatile pricing environments. In our pipeline of near-term and long-term copper growth, Copper World positions us well to benefit from strong long-term copper market fundamentals. Once Copper World is in production, we expect our annual copper production to grow by more than 50% from current levels. This will reinforce our position as one of the largest Americas-focused pure-play copper producers with a well-balanced and geographically diversified

portfolio of assets. Our expected production will be weighted approximately 1/3 in each of Canada, the United States and Peru. And the significant increase in copper production from Copper World will further enhance Hudbay's exposure to copper with more than 70% of consolidated production and revenue expected to be derived from copper. Hudbay's existing strong operating platform in Tier 1 mining jurisdictions and resilient balance sheet offers significant upside potential for further value creation at higher copper and gold prices. Through our new JV partnership, we will leverage our complementary strengths to deliver Copper World, produce domestic copper in the United States for the domestic critical mineral supply chain and unlock significant value in our long-term copper growth pipeline. At the same time, we continue to advance our many other high-return growth opportunities to unlock value across the portfolio and create meaningful value for all our stakeholders. And with that, we are pleased to take your questions.

Operator: [Operator Instructions] Today's first question comes from Ralph Profiti with Stifel.

Ralph M. Profiti: Congratulations on a quite significant deal. Peter, I have one question on commercial arrangements and then maybe one for Eugene on the balance sheet. Firstly, will Mitsubishi be allowed commercial offtake in proportion to that 30%, Peter? And have you looked at the ability for commercial arrangements to place concentrates in U.S. smelters? Or is there the possibility to either bring forward the concentrate leach facility or even expand it?

Peter Gerald Jan Kukielski: Ralph, thanks very much for your kind words. The short answer to your question is -- on the first item is yes. So they will have -- Mitsubishi will have rights to 30% offtake that's consistent with their ownership share. As far as where that concentrate would be placed, it remains to be seen because we haven't really got into that level of detail. On the other hand, I think the other question that you raised was with respect to the Albion Process. And of course, Albion is part of the pre-feasibility study. We plan to get it into operation as soon as possible. And sorry, was your question with respect to when we would do it? Or could you repeat that, please?

Ralph M. Profiti: Yes, Peter. The potential to bring forward from year 4, that concentrate leach facility, which is in the current pre-feasibility study. Is that a possibility?

Peter Gerald Jan Kukielski: Absolutely. And that will be completely studied in the feasibility study that we undertake together with our partner, but absolutely a possibility.

Ralph M. Profiti: Eugene, when you look at the leverage ratio, the balance sheet and the cash flow generating power of Hudbay in the next few years, it reduces the project financing number to a relatively small number. And I would have thought that there's a possibility that this can perhaps be foregone. Or is there strategic special interest or cost of capital that Mitsubishi is bringing to the table? And is this the reason that this still is an advantageous to the deal? And what's your thinking behind that?

Chi-Yen Lei: Thanks for the question, Ralph. And yes, we're really pleased to bring on Mitsubishi as an equity joint venture partner. And as you can see from the slides, the JV proceeds plus the capital contributions from Mitsubishi contribute to over 50% of the project capital. And using, I'll call it, light version of project level financing at about 1/3, that makes Hudbay's equity contribution only 15% of the capital. We think that kind of 1/3 equity is kind of the right way or 1/3 debt is kind of the right way to look at funding a project of this size. It's manageable. We think that there is project level financing that is available to this project in a variety of sources, both from U.S.-based sources and potentially with our partner that will help the equity returns for both Hudbay and Mitsubishi. So it's kind of an enviable position to be in. We want to build this project with a lower level of debt, but also with some debt that has a low cost of capital to generate the most efficient returns, but also sustainably be able to build this project on a risk-adjusted basis that provides the most shareholder value for our shareholders.

Ralph M. Profiti: It's a very strong deal.

Operator: And our next question today comes from Orest Wowkodaw with Scotiabank.

Orest Wowkodaw: I echo Ralph's comments. Congratulations on the transaction. I have a few more questions on how you're thinking about Copper World. Has there been any discussion with the U.S. administration about potentially moving forward with the Rosemont part sooner than Phase 2, and whether there potentially might be some give and take on the permitting related to that now?

Peter Gerald Jan Kukielski: Again, thank you for the kind comments. Look, I think that -- I guess the overall commentary is that we are completely and absolutely focused on Phase 1 of Copper World. It's

fully permitted. We own the land. It's simple. It's got a 20-year mine life, 385 million tonnes of reserves. And so right now, there is no need to enter into discussions related to the next phase of Copper World. That said, we do think that the current federal environment is highly constructive, and we've been encouraged by the bipartisan support that we have for developing the overall project. But at this point, we are completely focused on Phase 1. Let's get that done. Let's get the feasibility study done, let's get into operation, and we'll turn our attention to Phase 2 once we've done that.

Orest Wowkodaw: Okay. The feasibility study, you mentioned is underway. A couple of questions there. The idea of moving forward the Albion Process, if you do bring it forward, can we still assume that's not going to be at the front end, which would obviously increase the capital and the risk profile?

Peter Gerald Jan Kukielski: Yes, I think it's pretty safe to assume that, Orest. We will take a look with our partner during feasibility of what the optimal timing for it is. But at this point, we're not looking at increasing CapEx associated with Albion.

Orest Wowkodaw: Okay. And then it's been a couple of years since you issued a CapEx estimate for Copper World. I know you're in the early stages of the feasibility, but can you give us any sense of whether you're seeing any major cost inflation from the previous number?

Peter Gerald Jan Kukielski: Sure. I mean we live in an inflationary cost environment, and there will likely be modest increases to the initial CapEx at Copper World since the last figure that we published back in the 2023 PFS. But that being said, remember that we're also seeing higher copper prices today, and there's a more bullish long-term view of future copper price given the supply-demand fundamentals. So we do see that there will be mild CapEx escalation. But in any event, Copper World will still be substantially funded even in the case of a modest CapEx increase.

Orest Wowkodaw: Okay. Final question. Is there any major scope changes in the feasibility study versus the other study? I'm just wondering if you're [indiscernible] bigger processing facility or anything like that?

Peter Gerald Jan Kukielski: No, there are no changes foreseen in the current feasibility study in terms of scope. We've contemplated the idea of an expansion after we go into production, but that won't be part of the definitive feasibility study scope.

Operator: And our next question today comes from Dalton Baretto with Canaccord.

Dalton Baretto: Peter and team, really excellent work on this. I wanted to start by asking about any potential approvals here. And I'm thinking back to the challenges Nippon Steel had with their acquisition of U.S. Steel. Do you think this transaction raises any eyebrows in Washington? And do you need any approvals there?

Peter Gerald Jan Kukielski: I mean that's a great question, Dalton. So I don't believe that it does. We do plan to file a CFIUS brief or whatever one calls it, but it's not a requirement, but we do plan to do that, but we don't see any complexity associated with that.

Chi-Yen Lei: This project enables the production of Made in America copper, and we feel that this is job creating and aligned with the U.S. administration's critical minerals intentions for national security and U.S. supply chain strengthening.

Peter Gerald Jan Kukielski: And Dalton, I would just add to what Eugene says that this is a minority stake. And this minority stake is going to facilitate the creation of a lot of jobs in the United States as well as new investment in the United States.

Dalton Baretto: Okay. And then as a follow-up, I wanted to ask the same question Orest asked on the Albion, but sort of reverse it. Your balance sheet is in great shape. And yes, there'll be a bit more CapEx involved. But on the flip side, right, there's a lack of smelting capacity in the U.S. There's a potential a tariff could come in on concentrate export, and then there's the obvious social benefits there. Is there any reason -- like what sort of reasons would you have for not bringing it to the front end?

Peter Gerald Jan Kukielski: Dalton, I think that that's a subject that needs to be properly studied in the feasibility study. So you can be absolutely assured that as we go through the feasibility study with our partner that we will investigate the optimal approach to developing this project. But at this point, we are saying that Albion will be coming to production separately, will be part of a separate estimate. But for sure, we will study it in the feasibility study.

Operator: And our next question today comes from Fahad Tariq with Jefferies.

Fahad Tariq: Can you maybe walk through Manitoba in the third quarter? I'm just trying to get a better

sense of grades and see if the high grades will continue and potentially be an offset for the continued shutdowns.

Andre Taylor Lauzon: Sure. Thanks for the question. It's Andre. So the grades are pretty much the same right through the year. So they're pretty flat through to the end of the year. So there's no major variation from what we're seeing. We did have a very strong quarter as a surprise in Q1 with grades, but -- and those happen from time to time, but it's very consistent through the year. And so the fire situation is actually getting much, much better, and they've been getting rain and the fires passed through town. And so we're really expecting operations to resume this month and looking forward to that, meeting our guidance forecast that we're projecting to the end of the year.

Fahad Tariq: Okay. And then apologies if I missed the answer to this or if this was already asked, but are you having any discussions with the current U.S. administration that could help with Copper World Phase 2 or Mason permitting?

Peter Gerald Jan Kukielski: Fahad, no. We're not having discussions right now related to Phase 2. We're completely focused on Phase 1. Phase 2 down the road, let's get Phase 1 done. And then once it's behind us, we'll focus on what Phase 2 might look like. But what I would add or what I added is that we do view the current environment in the United States on a bipartisan basis as well as the current administration to be highly constructive with respect to the project. And I think that will stand Phase 2 in good stead, but we're focused on Phase 1 right now because it's on private land, 385 million tonnes of reserves, 20-year mine life, perfect partner. We've got our work cut out for us.

Andre Taylor Lauzon: On the Mason one there, Peter, I think with this deal allows us to look at our portfolio at other opportunities, and Mason is another great opportunity in our portfolio. And with the current administration and permitting, it's ripe to be advanced as well. So I think this deal does set us up to be able to look at other opportunities in our portfolio.

Peter Gerald Jan Kukielski: Absolutely.

Operator: Our next question today comes from Matthew Murphy at BMO Capital Markets.

Matthew Murphy: Just modeling out the Copper World financing, the waterfall you have in terms of project financing structure, how do we think about order of funding sources then? Is that representative that like first, you would do the Wheaton stream, then project finance and then this JV capital would get drawn, and then your capital goes in last alongside whatever else additional capital Mitsubishi has to put in?

Chi-Yen Lei: Matt, it's Eugene here. Actually, the waterfall is a simplification of the sources of capital rather than the order. The order of capital is a much longer spreadsheet. But I think what you can -- the priority of the funding is the first funding comes from this JV partner and the proceeds that are in this deal, \$420 million on closing, followed by \$180 million within 18 months of closing. That's sort of the first piece of capital that's going to be used. The -- upon sanctioning, the Wheaton stream, \$50 million of the \$230 million is due. And having spent about \$100 million in project spend, the next \$180 million of Wheaton comes through. So the first significant portion of capital comes directly from the JV proceeds and Wheaton. The project financing, we expect to be arranged at the time of sanctioning, and that would be available to be drawn as the next piece of capital. And then the last piece of capital would be the 70-30 piece of equity that Hudbay and Mitsubishi jointly fund. So that's one of the reasons why we said in our -- in this agreement that it allows Hudbay's equity funding to be delayed until 2028 at the earliest, which is what gives us the very strong IRR of 90-plus percent from a project -- to Hudbay versus a project IRR of around 20% for the project.

Matthew Murphy: Got it. Okay. Separate question. Good to hear that you've fared okay through the fires. That's a relief. Just have you been able to do your exploration programs this summer? And what's the outlook for getting drilling to work? And maybe I'll include Peru as part of that question. Do you have any update on your timing where you actually get drills turning in Peru?

Peter Gerald Jan Kukielski: Sure, Matt. It's Peter. So we did conduct an exploration program, we started an exploration program in Manitoba during the summer. Obviously, that was interrupted by the wildfires, both in Flin Flon and in Snow Lake. So exploration there has been paused right now. Once the conditions abate, then we'll go back into exploration. So there's nothing significant coming out of Manitoba right now, but we do expect to have a very, very strong continuing exploration program through the winter. In Peru, the same -- the status is similar. We don't have a time at which we'll start

exploration at Maria Reyna and Caballito because the Consulta Previa process has to be completed first. That's underway right now. We don't have a precise date of when we'll get it because it's in the hands of the government, but it's the last piece that remains before we actually start drilling.

Andre Taylor Lauzon: Peter, just to add to that is -- so as we press released earlier, we did sign an agreement with Mosakahiken Cree Nation around the Talbot deposit. And the area has cleared for us from the fires from those, and we have two drills currently operating and drilling off that deposit. So a couple of the other drills are capped, as Peter mentioned, but that program is up and running and doing well. So we'll look to see some results in the future.

Operator: And our next question comes from Shange Nagle at National Bank Financial.

Shane Nagle: Most of my questions have been asked here, but congratulations again on a good transaction at Copper World and a good quarter as well. Just a couple of questions. One, maybe on the intricacies of this matching contribution, the \$180 million. Is that basically covering your costs as they're incurred within the project? And is that \$180 million truly Hudbay share? Or is that \$180 million into the JV? Just trying to better understand the mechanics of that second contribution.

Chi-Yen Lei: Shane, the \$180 million is straight into the JV. And as -- I think I mentioned to Matt, that's basically the first \$600 million of project work will be funded from the JV proceeds, including the initial earn-in and the matching contribution, which will be within 18 months of closing.

Shane Nagle: Okay. So it's not entirely net to Hudbay in terms of the total \$600 million number. It's kind of into the JV?

Chi-Yen Lei: Yes, that's the most efficient way to take the proceeds into the project and ensure the project gets developed with the lowest level of equity capital contribution for Hudbay going forward.

Shane Nagle: Okay. And then just secondly, on Constancia and Pampacancha. You mentioned the mine sequencing being impacted in Q3 just due to the protest, and we'll see the deposit now depleted in Q1. Does this mean that there's more stockpiles to be processed in Q3 as well as a result of that?

Andre Taylor Lauzon: This is Andre. Yes, you're correct. So there's -- so we're processing a little bit more stockpile in the quarter but not slowing down Pampacancha. So Pampacancha is going full bore. So it's more of a blend of the two looking forward.

Operator: And that concludes our question-and-answer session. I'd like to turn the conference back over to Candace Brule for any closing remarks.

Candace Brule: Thank you, operator, and thank you, everyone, for joining us today. If you have any further questions, please reach out to our Investor Relations team.

Operator: Thank you. This brings to the close of today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.