

HBM Earnings Call Transcript

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Quarter: 3

Operator: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Hudbay Third Quarter 2025 Results Conference Call. At this time, all participants are in listen-only mode. Following the presentation, we will conduct a question and answer session. I would like to remind everyone that this conference call is being recorded today, November 12 at 11:00 A.M. Eastern Time. I would now like to turn the conference over to Candace Brule, Senior Vice President, Capital Markets and Corporate Affairs. Please go ahead.

Candace Brule: Thank you, operator. Good morning, and welcome to Hudbay's 2025 third 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 site, 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 plus 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 Kukielski: Thank you, Candace. Good morning, everyone, and thank you for joining us for today's call. The third quarter was a quarter of resilience for Hudbay as we demonstrated the company's strong operating capabilities and the benefits of our diversified operating platform as we faced mandatory wildfire evacuations in Manitoba and temporary operational interruptions in Peru. The agility of our teams and continued dedication to driving efficiencies and reliable performance helped to minimize the impacts to our operations due to these external events. This has allowed us to maintain the low end of our consolidated copper and gold production guidance ranges for 2025, and we have been able to significantly improve our consolidated cost guidance for the second time this year, which is truly remarkable given the circumstances. We continue to take steps to reduce long-term debt while reinvesting in high-return growth initiatives across the organization. We are delighted to have secured Mitsubishi as a premier long-term partner for our Copper World project this quarter, enabling us to unlock significant value in our copper growth pipeline. This transaction further solidifies our financial strength and significantly reduces our share of future equity contributions for the development of Copper World. We look forward to continuing to work with Mitsubishi under this strategic partnership as we advance Copper World towards a sanction decision in 2026 and first production in 2029. Hudbay's unique diversification in copper and gold, coupled with our relentless commitment to cost control, enables us to maintain industry-leading margins and deliver strong and stable cash flows. Slide three provides an overview of our third-quarter operational and financial performance. Our operations in Manitoba showed remarkable resilience against unprecedented wildfires, prioritizing the safety of our people and communities. In Peru, the team navigated regional social unrest and temporary interruptions to deliver gold productions far exceeding quarterly cadence expectations. And in British Columbia, our team made progress with the SAG mill conversion project, called the SAG II project, to

enhance mill throughput and drive future cash flow generation. In light of temporary operational interruptions and production deferrals, our diversified asset portfolio delivered consolidated copper production of 24,000 tonnes and consolidated gold production of 54,000 ounces in the third quarter. Consolidated copper and gold production was lower than the second quarter, primarily due to the impact of the wildfire disruptions that persisted in Northern Manitoba for the majority of the third quarter, as well as the temporary production interruption in Peru for nine days during the quarter. In addition, mill maintenance and increased processing of lower-grade stockpiles at Copper Mountain contributed to low quarter-over-quarter production. Consolidated silver production was 730,000 ounces, and zinc production was 548 tonnes in the quarter. Adjusted EBITDA was \$143 million in the third quarter, a decrease compared to the second quarter, primarily due to temporary operational interruptions I mentioned, as well as lower sales volumes as a result of a delayed 20,000 dry metric ton copper concentrate shipment in Peru with high gold content valued at approximately \$60 million. This shipment was expected to be sold in September, but ocean swells at the port prevented it from being loaded and shipped until early October. Cash generated from operating activities was \$114 million in the third quarter, and operating cash flow before change in non-cash working capital was \$70 million. Adjusted net earnings were \$0.03 per share in the third quarter after adjusting for various non-cash items on a pretax basis, including a \$322 million impairment reversal related to Copper World, a \$15 million contingent payment received from a non-core asset sale, and various mark-to-market adjustments. During the third quarter, we continued to demonstrate industry-leading cost performance with consolidated cash costs of \$0.42 per pound and consolidated sustaining cash costs of \$2.90. These costs increased compared to the prior quarter, primarily as a result of lower gold byproduct credits in Manitoba, partially offset by strong gold production in Peru. While we have reaffirmed our consolidated full-year production guidance for all primary metals, we are anticipating strong production in the fourth quarter. We now expect consolidated full-year copper and gold to be near the low end of the guidance ranges. We believe our ability to maintain our initial production guidance in the face of the recent operational interruptions is remarkable, and I am extremely proud of the team. With the strong cost performance at all our operations year-to-date, and increased exposure to gold byproduct credits, we have further improved our full-year consolidated cash cost guidance to a range of \$0.15 to \$0.35 per pound of copper from the previously reduced range of \$0.65 to \$0.85 per pound. We are also improving our consolidated sustaining cash cost guidance range to \$1.85 to \$2.25 per pound of copper from the original guidance range of \$2.25 to \$2.65 per pound. Along with these operating cost improvements, we are also expecting total capital expenditures to be \$35 million lower than the original guidance, primarily due to deferring certain expenditures to 2026. This includes \$15 million in reduced sustaining capital expenditures as a result of the temporary operational interruptions and \$20 million in lower growth capital expenditures that have been deferred to 2026. Turning to Slide four, we continue to further reduce debt during the quarter despite lower consolidated free cash flows. Our Peru and Manitoba operations generated positive free cash flow in the quarter despite the temporary production interruptions. This was offset by our continued investment in optimizing our British Columbia operations with the planned stripping activities. Consolidated free cash flow would have been positive if the excess copper concentrate inventory in Peru was sold in September. To continue our prudent balance sheet management, we repurchased and retired \$13.2 million of senior notes. Unsecured notes through open market purchases at a discount to par during the third quarter. Following the quarter end, we repurchased and retired an additional \$20 million in senior unsecured notes, reducing our total principal debt levels to \$1 billion. Since the beginning of 2024, we have reduced total debt and gold pre-liabilities by approximately \$330 million. We ended the quarter with total liquidity of \$1.04 billion, including \$611 million in cash and cash equivalents and undrawn availability of \$425 million under the revolving credit facilities. As of September 30, our net debt to EBITDA ratio was 0.5 times. We expect liquidity to be further enhanced upon closing of the Copper World joint venture transaction, which is anticipated to close in late 2025 or early 2026. Our strengthened balance sheet will allow us to continue to prudently reinvest in our portfolio of attractive high-return brownfield and greenfield opportunities to drive production growth and long-term value creation. Taking a look at our Peru operations on Slide five, we delivered steady operating performance despite facing temporary interruptions due to social unrest. The operations produced 18,000 tonnes of copper and 26,000 ounces of gold during the third quarter,

as well as 577,000 ounces of silver and 195 tonnes of molybdenum.

Eugene Lei: Countrywide protests

Peter Kukielski: that began early in the third quarter temporarily impacted the transportation routes, leading to limitations of supplies and concentrate transportation. To manage through these limitations, we adjusted mine sequencing to prioritize Pampacancha mining activities and blend stockpile ore in the mill feed. In late September, the social unrest escalated across Peru, and along with other mines in the southern mining corridor, our Constancia mine was impacted by local protests and legal blockades. The safety of all our personnel is our top priority, so we suspended operations on September 22 as a precaution. During the temporary downtime, the team performed preventative maintenance at the mill and on certain mining equipment. Since the restart of mining activities on October 3, and milling of activities on October 5, Constancia operations have normalized. I'm extremely proud of our resilient team in Peru and the way they continue to navigate the dynamic environment. Quarterly copper production was lower than the prior quarter, primarily due to lower ore milled as a result of this temporary operational shutdown, while gold production was higher due to stronger head grades from a larger contribution of the mill feed coming from Pampacancha. The fourth quarter is expected to be the strongest copper and gold production quarter this year in Peru. Production in the month of October totaled approximately 9,000 tons of copper and 17,000 ounces of gold, reflecting optimal mill ore feed with continued strong ore contribution from Pampacancha and lower stockpiled ore being processed. We remain on track to achieve full-year copper production guidance in Peru, while gold production is now expected to be above the top end of the 2025 guidance range. Mill throughput averaged approximately 70,000 tonnes per day in the third quarter, lower than the second quarter due to low ore mines and the temporary operational shutdown. Bills copper grades decreased by 9% compared to the second quarter as a result of the stockpiled ore feed, partially offset by higher grades from Pampacancha. Milled gold grades significantly increased with a higher portion of ore feed from Pampacancha, where the gold grades are meaningfully higher than in the other ore sources. Mill recoveries of copper were impacted by the nature of stockpile feed, while gold and silver recoveries were in line with metallurgical models. The road blockades along the transportation route reopened midway through the quarter, allowing us to reduce site concentrate inventory levels and replenish supplies.

Eugene Lei: However,

Peter Kukielski: as I mentioned earlier, ocean swells at the port later in the quarter impacted sales volumes, with a 20,000-ton copper concentrate shipment being deferred to early October. Cash costs were \$1.30 per pound during the third quarter, decreasing from the prior quarter with higher gold byproduct credits and lower plant maintenance costs as planned. With cash costs continuing to outperform the low end of the cash cost guidance range, we are reaffirming our full-year cash cost guidance in Peru. Moving to our Manitoba operations on Slide six. I want to first thank the regional operating team for all their efforts in safeguarding the company's assets and completing an efficient orderly resumption of operations. I can't imagine what our employees and their families had to endure during these unprecedented wildfires, and we will continue to do our part to support the rebuilding efforts in the communities and the provinces. And I will say again how proud I am of the continued resilience demonstrated by our Manitoba team and the successful restart of operations in late August following the lifting of mandatory evacuation orders. The operations produced 22,000 ounces of gold, 800 tonnes of copper, 500 tons of zinc, and 102,000 ounces of silver in the third quarter, lower than the second quarter due to the two-month wildfire evacuation that deferred gold production. A business interruption insurance claim has been submitted to compensate for a portion of the wildfire-related downtime. Total ore mined at Lalor reduced by over 50% during the quarter due to the temporary operational interruption. Gold grades increased by 9% compared to the second quarter, while copper, zinc, and silver grades were in line with the mine plan expectations. Consistent with our strategy of allocating more Lalor ore feed to New Britannia to maximize gold recoveries, the New Britannia mill achieved average throughput of approximately 2,003 tonnes per day over the operating period in the quarter. Gold recoveries were a record 92%, reflecting the increase in gold grades. The Stall Mill Experienced A Greater Throughput Impact From The Wildfire Shutdown As The Lalor mine prioritized mining from the gold zones over base metal zones to ensure a consistent feed to the New Britannia

mill. The team focused on process optimization and enhanced gold recovery initiatives, enabling record gold recoveries of 73% at Stall in the third quarter. Gold cash costs for the third quarter were \$379 per ounce, decreasing compared to the second quarter, primarily due to the higher byproduct credits and the recovery of secondary gold products as a result of mill tank clean outs. While the Manitoba operations were previously tracking within the 2025 guidance ranges despite the significant impacts from wildfire evacuations, we are now expecting to be slightly below the low end of the gold production guidance range as a result of a week-long power outage in October from severe winter storms that further deferred gold production. With year-to-date cash costs continuing to outperform the low end of the cash cost guidance range, we are reaffirming our full-year 2025 cash cost guidance range in Manitoba. Given the strong cash cost performance to date in Manitoba, Hudbay will continue to prioritize primary gold production over byproduct zinc production in 2025, and full-year zinc production is now expected to be below the low end of the guidance range. Looking at our British Columbia operations, on Slide seven, we continue to focus on advancing our optimization plans at the Copper Mountain mine. This includes a ramp-up of mining activities to optimize ore feed to the plant and implementing site improvement initiatives that mirror Hudbay's best-in-class operating practices. In the third quarter, the British Columbia operations produced 5,200 tonnes of copper, 4,800 ounces of gold, and 51,000 ounces of silver. Production decreased compared to the prior quarter, primarily because of restricted mining efficiencies and lower grades as higher waste stripping continued. The waste stripping activities are part of the continued execution of the accelerated stripping program intended to bring higher-grade ore into the mine plan in 2027. During the third quarter, we made significant progress on the key mill improvement project, completing the initial phase of the SAG-two mill conversion in July. The subsequent ramp-up demonstrated positive contribution for SAG two during the quarter, with several days achieving 50,000 tonnes per day of mill throughput in September. The team continued to optimize the circuit as planned through the remainder of 2025, with the final phase of the project involving the conversion of an interim feed arrangement to a permanent configuration. Construction remains on target for completion in December 2025. In late September, the primary SAG mill, which I will refer to as SAG one, required unplanned maintenance due to localized damage to the feed head. After completing the repairs in mid-October, SAG-one restarted at a reduced rate. Under enhanced monitoring controls, SAG-one throughput will continue to ramp up over the course of the fourth quarter. Together with the completion of the final phase of the SAG-two project, Hudbay expects mill throughput to ramp up towards 50,000 tonnes per day by mid-2026. Total ore processed in the third quarter was 6% higher than the second quarter, reflecting the completion of the first phase of the SAG two project. Partially offset by planned and unplanned maintenance. During the third quarter, copper recoveries were 77% and gold recoveries were 59%, both lower than the prior quarter due to the processing of lower-grade stockpile material. British Columbia cash costs were \$3.21 per pound in the quarter, higher than the prior quarter, largely due to lower copper production and lower byproduct credits. Fourth-quarter production is expected to be impacted by lower mill throughput from reduced levels at SAG-one in October, which together with a higher portion of ore milled from low-grade stockpiles this year is expected to result in full-year copper production in British Columbia to be below the low end of the guidance range. Cash costs continue to track well versus the guidance range, and therefore, we are reaffirming full-year cash cost guidance in British Columbia. Turning to Slide eight. As I mentioned briefly in my opening remarks, our Copper World project in Arizona achieved a significant milestone this quarter with the announcement of our 30% strategic joint venture with Mitsubishi. We welcome Mitsubishi's world-class expertise as we work together to advance this high-quality copper project and unlock significant value for all our stakeholders. This strategic partnership validates the attractive long-term value of Copper World as a top-tier copper asset and endorses the strong technical capabilities of Hudbay. Mitsubishi is acquiring its 30% stake for an initial contribution of \$600 million. This deal will provide \$420 million in cash once it closes and \$180 million within eighteen months of its closing. These proceeds will be used to fund the remaining feasibility study and pre-sanction costs in addition to initial project development costs for Copper World. Mitsubishi will also fund its prorated 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, Hudbay's estimated share of the remaining capital contributions has been

reduced to approximately \$200 million based on pre-feasibility study estimates. It also defers our first capital contribution to 2028 at the earliest and significantly increases the levered IRR to Hudbay to approximately 90%. With the recent achievement of our stated balance sheet target, we have successfully completed the key elements of our prudent financing strategy as part of our 3P plan. We are very well positioned to build one of the major copper mines in The United States while continuing to maintain a strong balance sheet to reinvest in other growth opportunities across our portfolio while continuing to delever.

Eugene Lei: Copper World feasibility activities are underway

Peter Kukielski: and we are on track for the completion of a definitive feasibility study in mid-2026. We have accelerated detailed engineering, certain long-lead items, and other de-risking activities with the additional \$20 million in growth capital expenditures announced in August. We continue to expect to make a Copper World sanction decision in 2026. As part of our long-term growth pipeline, Slide nine summarizes the threefold strategy we are executing in Snow Lake as part of the largest exploration program in the company's history in Manitoba. The first objective is to execute near-mine exploration at the Lalor and 1901 deposits to enhance near-term production and further extend mine life. We completed the development of the initial exploration drift at 1901 earlier this year, and the development of the haulage drift is underway. Positive initial step-out drilling from the exploration drift was achieved earlier this year, and during the third quarter, some additional zinc development ore was delivered for processing at Stall. Activities at 1901 over the next two years will focus on exploration definition drilling, ore body access, and establishing critical infrastructure for full production in 2027. Exploration activities will also target additional step-out drilling to potentially extend the ore body as well as complete infill drilling to convert inferred mineral resources in the gold lenses to mineral reserves. The second strategic focus area is on testing satellite deposits within trucking distance of the Snow Lake processing infrastructure to identify potential additional ore feed to fully utilize the available processing capacity. With our significant Snow Lake land package, we have an attractive portfolio of regional deposits, including the Talbot,

Eugene Lei: Rail PENN2 Watts

Peter Kukielski: Three Zone, and WIM deposits. The most advanced of these satellites is the Talbot deposit, which I'll discuss further on the next slide. And the third strategic focus is on exploring our large land pack for a new potential anchor deposit to significantly extend the mine life of our Snow Lake operations. We are conducting the largest geophysics program in our history in Snow Lake, consisting of 800 kilometers of ground electromagnetic surveys and an extensive airborne geophysics survey. In July, we commenced exploration drilling at the Talbot Copper Zinc Gold Deposit. Talbot is located within trucking distance of the Snow Lake processing facilities, making it an ideal deposit to potentially provide supplemental feeds to our store mill. The current phase of the drilling program includes four drill rigs intended to complete 10 holes by the end of the year. After completion of the initial three holes, we are pleased to see that the core logging has confirmed the continuity of the Talbot copper gold mineralization at depth and look forward to receiving the full assay results later this year. This drilling will determine the future scope requirements for a pre-feasibility study, which we intend to initiate in 2026. In January 2026, we expect to kick off Phase two of the Talbot drilling program focused on infill drilling to support the pre-feasibility study. Concluding on Slide 11, this quarter demonstrated the benefits of Hudbay's diversified operating base, our unique copper and gold exposure, and our resilient operating capabilities. Our continued focus on cost control enables us to maintain industry-leading margins and deliver strong and stable cash flows. 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 one-third 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 one mining jurisdictions and resilient balance sheet offers significant upside potential for further value creation at higher copper and gold prices. We will be able to prudently advance Copper World while also being able to invest in 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: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from Lawson Winder with Bank of America Securities. Please go ahead.

Lawson Winder: Thank you very much, operator, and good morning, Peter, and then hello, Eugene and Andre. Nice to hear from you guys today. I wanted to ask first about Copper Mountain. So the construction decision, can we expect that to occur in mid-2026? And then just thinking about spending around Copper World this year, or in 2026, do you expect any pre-construction spending that could occur in advance of the completion of the feasibility study and a construction decision? Thank you.

Peter Kukielski: Good morning, Lawson, and thanks for the question. So the first part of your question is, yes, we do expect to complete the feasibility study in mid-2026, and we expect the construction decision in 2026 as well. One of the comments that we made during my comments was that we did authorize an additional \$20 million this year to get ahead of some of the long-lead items and engineering items associated with the critical path of the project. We also expect to be spending a fair amount of money, pre-sanction money, I guess you would call it, in order to keep things moving and to make sure that we address the critical path properly. So yes, the answer to your question in short is absolutely, we will spend on developing the project in conjunction with doing the feasibility study. Now remember that we are following an integrated project development approach, which means that the engineers, constructors, etcetera, are all in an integrated team. And so we are able that way to advance certain elements of the project ahead of others where there's risk. So 50% roughly engineering will be completed before the end of the feasibility study, but in some areas as much as 70% will be completed. So we are very much taking sort of a holistic approach to make sure that we address the critical path and spend on the right things even before the FID decision.

Lawson Winder: Okay. That's helpful. And then just a clarification, the \$20 million, will some of that be in 2025, or will all be in 2026?

Eugene Lei: Hi, Lawson, it's Eugene here. So the original budget for this year for Copper World was \$90 million, and we increased that to \$110 million as part of that decision to make some long-lead items. If you look at the slide that we show in terms of the total funding, there's approximately \$150 million in total spending from 01/01/2025, until the sanction decision expected in mid-2026. So you would have from the money that we've outlined, there's a total of \$150 million. We expect to spend about \$100 million of that this year and with about \$50 million remaining in 2026 to be in a position to sanction Copper World along the timelines that Peter outlined.

Lawson Winder: Okay. Yes, that's very helpful. Thanks for highlighting those numbers. I just noticed them yet. And then same question, but I just wanted to ask about CapEx. So you deferred \$35 million sustaining CapEx into 2026. The original budget for this year was about \$365 million. So should we think about sustaining CapEx in 2026 as \$365 million plus the \$35 million from this year, or are there some other puts and takes there we should be considering, and what are they?

Andre Lauzon: Hi, it's Andre. So there is some of it, like some of the CapEx, there is a little carryover, but a lot of the CapEx were actually deferrals related to the wildfires in Manitoba and some of the tailings, some of the blockades in Peru. So those things are just kind of offset, and there's not an increase, it's just the mine plan is just continuing. So Manitoba restarted their operations and ramped back up, but they're not developing at a rate that's higher than what they did historically. So it's just a sliding of a lot of that.

Eugene Lei: So to break that \$35 million down for you, Lawson, it's \$15 million in deferrals and sustaining capital, but that's not additional capital. So you don't add you don't just add it to 2026, as Andre mentioned. And then of the remaining \$35 million, \$20 million relates to growth projects that were deferred that will be deferred in 2026. So that's not new capital. Again, that's capital just that will just be not spent in 2025 and spent in 2026.

Lawson Winder: Yes, that's super helpful. And then just ultimately what I was trying to get at is like a good baseline for sustaining CapEx for any year then. Would be basically this year's guidance of \$365 million plus or minus, say, 5%? Like is that is that fair?

Andre Lauzon: We haven't finished all the budgeting for the year, but that's a fair amount. I think every year there's in Peru, depending on the year, whether there's a tailings dam raise or not, the capital will

fluctuate by between \$20 million and \$30 million. And in Manitoba, it's been very stable at this level. And in BC, while we're continuing the stabilization program, it's going to be at this level until 2026, as we've kind of mentioned on a three-year plan basis. So I think your assumption is fairly consistent.

Lawson Winder: Okay. Thank you all very much. I appreciate it.

Operator: The next question is from Ralph Profiti with Stifel Financial. Please go ahead.

Ralph Profiti: Thanks, operator. Good morning. Peter, it's been sort of surmised that some of the issues in Peru are around informal mining and regulations therein. I'm just wondering, can you discuss a little bit about informal mining practices in and around Maria Reyna and Cuballito? Is this a significant issue that may need to be considered when we talk about the Consulta Previa process?

Peter Kukielski: Hi, Ralph. It's a great question. Look, actually, there's been a fair amount of informal mining around Maria Reyna in Caballito for a long time since actually since before we acquired the mineral rights for the assets. I would say that the informal miners do not constitute a material impediment to our ability to get permits or go through the Consulta Previa process or get access to exploration. In fact, a lot of the work that we've done with the community is to try to prepare the communities to be able to support us with drilling themselves. And it would make sense that it might be the informal miners who actually do some of the work for us. So in general, I would say that to answer your question, informal miners are absolutely not an impediment to getting the Consulta Previa done. It's just more complicated right now given the social environment in Peru, change of government, etcetera, etcetera, to get the government to conduct the Consulta Previa process to get everybody together and to ultimately get the nod that the surface rights were required without coercion or anything like that. What I would say about Peru also is that there's no difference today to the way it's been for the last twenty-five years, and the term that I would use to characterize is stable instability. I've spoken many times about the time that I've spent in Peru with the pendulum swinging left and right and left and right. And the one thing that stays the same is or two things that stay the same in the fiscal environment, but also the bureaucracy. And what's really important is that stable bureaucracy to get things done, but the timelines are very, very difficult to predict, especially now with elections coming up next year. And the equation of the informal miners, how that plays into the broader social environment, but I don't think there's any direct impact on the prior consultation process.

Andre Lauzon: There were small-scale miners on Pampacancha prior to our permitting and accessing it. They are a stakeholder. And we've successfully navigated that in the past.

Ralph Profiti: Great. Thank you for that clear understanding. That's it for my questions.

Eugene Lei: Thank you, Ralph.

Operator: Next question is from Orest Wowkodaw with Scotiabank. Please go ahead.

Orest Wowkodaw: Hi, good morning. Maybe just shifting gears to Copper Mountain. The asset seems to be underperforming your expectations since you acquired it. Can you give us a sense of the SAG mill issue that's that you disclosed here most recently, is this now going to negatively impact '26? And I'm wondering if we should already start thinking about the low end of the Copper Mountain production guide for 2026 based on this issue.

Peter Kukielski: Thanks, Orest. So the first thing that I would say is that we are highly confident that Copper Mountain was the right asset to purchase. We believe strongly that the skill set that Hudbay brings to bear will ultimately be fully realized in value at Copper Mountain. Like we said, it's a three-year optimization or stabilization and optimization. We're sort of two years into it. There's a good year to go. There's a lot of work to be done. And there will be some puts and takes. Think Andre always explained it as being when you renovate a house, find a few things. When you pull the sheet rock off the walls, etcetera. But we'll get there. But Andre, maybe you can provide a little bit more color.

Andre Lauzon: Yes, yes, yes. No, as you're saying, was thinking that TV show Love It or List It and we love it. We love it and there's there and it is very much it's a journey. And so I'll talk to the event there, Orest, and your specific question. But I would say if I start with is there's been tremendous progress throughout the course of the year that the team has done an excellent job on navigating a whole number of challenges and opportunities and in terms of ramping up the mine. And the mine was understripped and there's smaller benches and they're working through a lot of that. And so the we've seen steady progress in that. We delivered SAG two ahead of schedule or on schedule back in July and ramping that up where initially when we envisioned this, we weren't even going to turn it on until the

end of the year. So and it's proved to be fruitful around that optionality as we we got into this the SAG one incident, if you will, that was described by Peter earlier on in the discussion. And so what it appears to have happened with that that example is and we've done a lot of investigation, there's more investigation to understand is is just it was a premature liner wear and it's the same set of liners and it and wasn't wearing the same as what we had thought previously. It's the same tonnage and it appears that our operational excellence in terms of we introduced something called a mill slicer to to really run a real stable efficient operation. And what we ended up seeing, which we didn't anticipate was a little bit more selective wear rather than wear throughout the liners. And they caused that incident. It caught us a little bit by surprise. They've repaired it. We've gone through in a very cautious, meticulous ramp up process. We're ramping up to date. We're We're almost at the level right now of where we were call it the average of prior to Q3. So it's a ramp up. Is there a bit of an impact to next year? A little but but not significant. And so the unknown for us is like the ramp up on SAG two. On the combined of SAG two and SAG one exceed our permit capacity for for Copper Mountain. And so we were cautious in the wording. As you know, we are we're generally conservative 50,000 tonnes a day.

Orest Wowkodaw: Okay. Thanks. Good luck.

Andre Lauzon: No luck needed, but it's got a lot of hard I but I appreciate the kind words.

Operator: The next question is from Marcio Farid with Goldman Sachs. Please go ahead.

Peter Kukielski: Thank you. Good morning, everyone. So just on obviously, you've adjusted the minus sequence in the third quarter.

Marcio Farid: Towards the high-grade Pampa Chunk deposit. Just trying to minimize the impact from the interruptions, right? But just trying to understand, mean, mentioned on the release that October, the ramp-up at Constancia has been quite well. Just trying to understand if you're confident that you can back get back on track throughout the fourth quarter of the year. At Constancia? Thank you.

Andre Lauzon: Sure. This is Andre. I'll take the question as So absolutely confident as I saw in the press release, the month of October as we disclosed is the highest copper production for the year. From we're into the high-grade cycle, the team is done an excellent job I could never imagine them running with three shovels and producing at the levels that they have at Pampacancha and thoroughly impressed by the team. And so Pampacancha is going at a very, very high rate could finish it potentially by the end of the year. Which was the original plan by the way. So the team is has basically caught up. And so that cadence is why we're seeing high copper grades through to the end of the year as well as the high gold. So as Pampacancha has really contributed to us exceeding the high end of guidance on gold for Peru.

Peter Kukielski: Marcio, it's Peter. It's as Andre says, we are highly confident in our ability to get the ball out of the park Constancia for the remainder of the year.

Marcio Farid: Great. Can I just follow-up on Manitoba as well? Gold grades have been quite strong. Just trying to understand if you can maintain and sustain that level at around five grams per tonne. What does the mine plan look like for Manitoba? Thank you.

Andre Lauzon: Yes. So I'll add and if you can add, if I missed something there. So Manitoba like again resilience, the team unfortunately with the wildfires going into the year, we were on track to exceed gold at the high end of guidance. And that's why despite being down for two months with the evacuations, we're still in really, really good shape. And the team has ramped up We are in a high-grade cycle right now, I won't say the grade because you'll project it to the end of the year, but we are in a very high-grade cycle of both copper and gold right now and the mill is we to that extent, we have to slow down the grade because the grade was a little bit high. But overall, very confident in the grade to deliver to the end of the year. And

Peter Kukielski: I would add, Marcio, that the average grade that in the mine plan is four point five four point six grams per tonne. Which is the basis for for our mine plan. And we expect to average those grades through the fourth quarter and throughout 2026. Yes.

Marcio Farid: Great. Thank you.

Eugene Lei: Welcome.

Operator: The next question is from Martin Poirier with Veritas Investment Research. Please go ahead.

Martin Poirier: Hi, thank you. Some of my questions have been answered, but in terms of the Q4 for BC,

Peter Kukielski: are you expecting to be lower than Q3? Because a couple of moving

Andre Lauzon: parts. I think you have lower grade and the throughput, I think it should be higher because now you have the second mill. So I'm just trying to understand that.

Andre Lauzon: Sure. Sure. Right. It kind of answered the question. The reason why we're we're saying we're right at going to be at the low end of copper guidance is because it is dealing with that situation that I described on the ramp-up. So that the incident that happened at the SAG-one mill was right at the end of Q3. So there will be compensating effects like SAG-two is compensating for SAG one, but the throughput is built into that projection of achieving that low end of copper guidance. So a consolidated basis. On a consolidated basis. So that's why we're telegraphing that BC was going to be below the low end. On its individual guidance is because of that incident. Otherwise, were we would have been in a good spot. So the ramp-up is ongoing right now. We're quite pleasantly surprised and pleased with the team on how quickly they're ramping up But there is an impact in the quarter and that's why we're telegraphing to the low end of copper guidance consolidated

Martin Poirier: Yes, I understand that. But you expect it to be higher or lower than Q3?

Andre Lauzon: Like it's a so we are running SAG two. In Q3. So and SAG SAG1 was running at its typical capacity. It's not running at full capacity. Right now. It's still we're in the ramp-up mode. And so it's not going to be close, but it's probably a little little bit less. But the grade is in this quarter is different than in Q3. I'd say the grade compensates for it because we're mining a lot of low-grade stockpiling in Q3 and and we are seeing a bit higher grades than normal right now. So they kind of balance each other off. It's not our strongest one from BC, and that's why we telegraphed it to the bottom. End.

Martin Poirier: Great. Thank you. That's very helpful.

Operator: The next question is from Fahad Tariq from Jefferies. Please go ahead.

Fahad Tariq: Hi, thanks for taking my question. Just coming back to Pampacanacha, in the fourth quarter, how should we be thinking about mining rates? Like is it going to be similar levels to the third quarter? That was my understanding from the answer to the previous question.

Andre Lauzon: Yes. Yes.

Fahad Tariq: That's fair? Okay. And then the remaining feed should we assume that the Constancia pit is the remainder versus being stockpiles? In the fourth quarter?

Andre Lauzon: We're back mining in Constancia. So it's a mixture of the two whatever makes the most sense. But yes, we're back in a Constancia for the remainder.

Fahad Tariq: Okay, great. And then just unrelated, but switching gears to Manitoba. Can you just let us know how much you expect to receive from the insurance claim related to the wildfires?

Andre Lauzon: It's a bit premature to give you a number. But as you know, we have good coverage that covers both property and business interruption. And business interruption has a thirty-day standard deductible. So we're really grateful that there wasn't any significant damage on a property basis. And given our proactive defenses defense activities. And so we're we submitted the claim and we'll we'll give you we'll get you a number of in 2026. But premature to give you an exact number today.

Fahad Tariq: Okay. Fair enough. Thank you.

Operator: The next question is from Stefan Ioannou with Cormark Securities. Please go ahead.

Stefan Ioannou: Thanks very much. Maybe a tough one to answer, but just we think about growth and the next steps for Hudbay, should we just assume in the near term all hands on deck are going to focus solely on Copper World? Or should we start to think about maybe more news or thought or consideration given to other projects or assets in the company's portfolio?

Peter Kukielski: Good morning, Stefan. Thanks for the question. So the one thing that we've tried to make very, very clear is with having retired the 3P plan now, having procured the joint venture partner for Copper World, we are now in an extremely strong position to be able to fully fund Copper World as well as to continue to pursue high-return low-risk brownfields production improvement projects across the portfolio. So I think what you'll see is that talked today a little bit about the exploration efforts that are underway. We with advancing 1901, etcetera, etcetera. We've got the pebble crushing circuit in Peru next year. Bunch of these things. So I think you can be assured that we will continue to invest in the portfolio as well as to continue pushing Copper World. Remember Copper World is one single integrated team and we are a decentralized organization with different business units who will continue

to pursue. There are other projects.

Eugene Lei: Stefan, if I could add to that, we're in a really enviable position with our strong balance sheet and cash balance where we're we're going to be able to build Copper World with very little capital till 2028. We're going to be able to build Copper World, reduce our leverage, delever, and allocate capital to other business units so that we're able to reinvest in building up additional production capacity in Manitoba, in BC, in Peru, and advance even Mason. So I think it's a really enviable position where coming out of the decade, we will have built Copper World, have lower debt, and invested in all the other areas and built up our entire business. And was the benefit of bringing in this joint venture partner to fund a significant portion of the Copper capital was because we saw so much opportunity within our portfolio to invest to grow the other parts of the business as well. And it's pretty exciting and us to be in this position to be able to do that.

Stefan Ioannou: Okay, great. Great. That's very helpful. Thanks very much, guys.

Eugene Lei: Welcome.

Operator: This concludes the 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, feel free to reach out to our Investor Relations team. Thanks, and have a great day.

Operator: Ladies and gentlemen, this concludes the conference call for today. You may now disconnect your lines. Thank you for participating and have a pleasant day.