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EQUITY RESEARCH · STOCK PITCH
November 5, 2026 · Materials · Copper & Gold
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Hudbay Minerals Inc. (TSX: HBM)

BUY Target C$42.03 · Upside +42.5%

Gold pays for the next US copper district

Hudbay is a copper-focused miner with three operating mines in Peru, Manitoba and British Columbia and three US growth projects. Gold credits from Snow Lake push its net copper cash cost below zero, the balance sheet is now net cash, and Copper World, its first Arizona mine, was approved for construction on October 21, 2026.

INVESTMENT THESIS

I. Copper growth is funded and in motion. Copper production of 118 kt in 2025 rises to ~145 kt in 2027–28 as Copper Mountain ramps to 50 ktpd, then Copper World adds 92 kt a year (70% Hudbay) from 2029. Mitsubishi is funding US$600M for its 30%. Cactus, acquired in June 2026, adds 103 kt a year of US cathode, a market a refined-copper tariff would favour.

II. Gold drives a negative copper cost. Gold was 38% of Q2 2026 revenue. By-product credits took net copper cash cost to US$(0.40)/lb, against US$2.11–2.82 for Lundin, Ero, First Quantum and Capstone. Snow Lake's new plan holds ~185 koz a year through 2030 with reserves to 2043, priced at US$3,600/oz, below spot.

III. Net cash funds the build. Net debt fell from 2.0x EBITDA in 2022 to net cash after the US$473M notes were repaid in April 2026. With US$1.04B of liquidity and US$413M of LTM free cash flow, Copper World can be built without new equity.

WHY THE OPPORTUNITY EXISTS

At C$29.49 the stock trades at 0.70x our NAV and ~5× 2027E EBITDA. The three operating mines, net of debt and head office, are worth about C$18.60 a share on our numbers, so the market is paying under half our value for the US pipeline, even though Copper World is now sanctioned and part-funded. We expect that discount to narrow as construction advances.

VALUATION

Sum-of-the-parts NAV: each of the six assets is valued by DCF over its mine life in constant 2026 US dollars, at its own real after-tax rate, from 7.0% for Snow Lake to 11.0% for Mason. The rates add country, study-stage and asset premiums to a 7.0% real WACC and match Hudbay's own impairment rates. Copper is held at the US$6.50/lb spot price and gold at US$4,500/oz. Producing mines are 49% of asset NAV; Copper World is valued at 70% with no haircut because it is sanctioned and Mitsubishi is funding its share, and risk on Cactus and Mason sits in their higher discount rates rather than in arbitrary weights. The target applies 1.0x NAV, against 0.85x for Lundin and Capstone; at their multiple the stock is worth C$35.73.

KEY RISKS

- **Metal prices.** A China slowdown that takes copper to the Copper World study's US$5.00/lb and gold to US$3,600 cuts value to C$13.62 (bear case).
- **Copper World permitting.** An air-permit appeal and a state-land right-of-way suit are still pending; all three key state permits are granted.
- **Peru.** 2025 blockades near Constancia disrupted logistics; Constancia is 18% of asset NAV.
- **Execution and costs.** Copper Mountain ran at US$3.22/lb in Q2, above guidance; operating costs ±10% move value ±C$3.

HUDBAY

KEY DATA

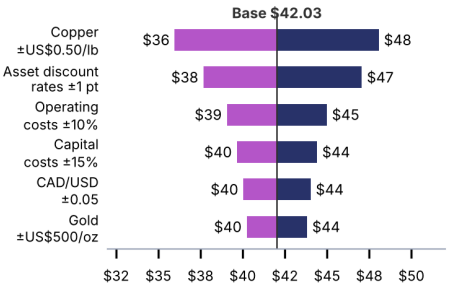
Price (2-Nov-2026)	C$29.49
Target price (1.0x NAV)	C$42.03
Fully diluted shares	445.7M
Market cap	C$13.1B
Net cash / liquidity (Q2-26)	US$0.08B / 1.04B
2025 copper / gold	118 kt / 268 koz
Net copper cash cost (Q2)	US$(0.40)/lb
Copper / gold deck	US$6.50 / 4,500
P/NAV	0.70x

SCENARIOS (NAV PER SHARE)

Bear	Base	Bull
$14	$42	$56
−54%	+43%	+90%

Bear, China slowdown: Cu US$5.00, Au US$3,600, costs +10–15%, Mason not built. **Bull, US copper premium:** Cu US$7.50, Au US$5,000.

WHAT MOVES THE TARGET



NAV per share when one input moves and everything else is held at base. Purple: downside; navy: upside.

CATALYSTS

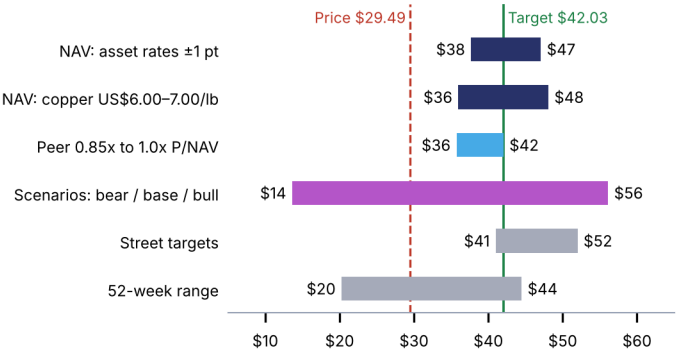
- **Q4 2026:** Copper Mountain conveyor fixes the grinding bottleneck.
- **Jan 2027:** proposed 15% US refined-copper tariff (30% in 2028).
- **2027:** Constancia mill permit lifted to 34 Mtpa.
- **2029:** first copper from Copper World.

FINANCIAL SUMMARY (US$M, DECEMBER YEAR-END)

	2025A	2026E	2027E	2028E
Copper (kt)	118	124	141	142
Gold (koz)	268	246	237	247
Revenue	~2,200	2,904	3,146	3,154
EBITDA	**1,061**	**1,706**	**1,839**	**1,835**
Margin	*~48%*	*58.7%*	*58.5%*	*58.2%*
EV / EBITDA at C$29.49	8.8x	5.5x	5.1x	5.1x

Operating mines only (before Copper World, 2029). 2025A as reported (adjusted EBITDA). Forecasts at US$6.50/lb copper and US$4,500/oz gold, after head office and exploration. Source: Hudbay filings, The Fund estimates.

VALUATION SUMMARY (C$ PER SHARE)



Sources: Hudbay Q2 2026 MD&A and financial statements, Q4 2025 results, 2025 AIF, Snow Lake mine plan (Sep 28, 2026), Copper World definitive feasibility study and construction decision (Oct 21, 2026), Arizona Sonoran (Cactus) PFS; FactSet (peer P/NAV); S&P Global; USGS; The Fund estimates. Prices and data as of 2-Nov-2026. Student research prepared for The Fund, Memorial University's student-managed investment fund; not investment advice.