

July 16, 2014

Mr. Ramsey Hart,  
Canada Program Co-ordinator  
Mining Watch  
Suite 508, City Centre Building  
250 City Centre Avenue  
Ottawa, Ontario K1R 6K7 Canada

Dear Ramsey:

I am writing in response to Mining Watch's July 10, 2014 press release about Hudbay Minerals. While we understand Mining Watch's position on mining generally, we ask that nonetheless you make every effort to confirm the accuracy of the material you publish. Your July 10, 2014 release contains a number of statements that are not true or omit crucial facts. For example:

## Guatemala

- Based on extensive investigations and eyewitness reports, Hudbay believes the allegations against it are untrue and is vigorously defending itself against the litigation. Adolfo Ich Chaman was killed and German Choc Chub was injured during violence outside a community hospital sponsored by Hudbay's Guatemalan subsidiary, CGN. Police reports indicate that the protesters also broke into and ransacked the local police station and stole AK-47 rifles that were used to fire upon CGN's security personnel inside the hospital.
- Throughout the attacks, CGN security and other personnel showed extraordinary restraint and acted only in self-defence and their measured response to the various attacks helped to prevent a further escalation of violence. The allegations against CGN personnel involving Mr. Chaman are based in large part on statements made by four alleged eye-witnesses, three of whom recanted their statements and have claimed they were intimidated into lying about what happened. The fourth eye-witness has changed his story multiple times. Other "evidence" advanced by the plaintiffs is difficult to believe, including an alleged crime scene that did not have any blood present, an allegation by one of the plaintiffs that directly contradicts prior statements made to the Guatemalan prosecutor and eyewitness accounts that are clearly inconsistent with the forensic evidence.
- No requests for evictions were made following Hudbay's acquisition of Skye Resources. Negotiation was the course of action to resolve illegal land occupation. In fact, by September 27, 2009 the majority of illegal occupants had left the area some months earlier, under a negotiated agreement.
- The evictions carried out by Skye Resources before Hudbay acquired an interest in the project were carried out in accordance with legal process; this involved a Guatemalan prosecutor

initiating court proceedings and the court issuing an eviction order. The implementation of the eviction order was carried out by the prosecutor with the support of the national police and the Guatemalan army. Hudbay understands that the police carrying out the evictions were unarmed, though armed military personnel were standing by to prevent any escalation of the situation. Many of the evictions were overseen by international NGOs and no injuries or violence were reported at the time. Again, based on our investigations, we believe allegations that sexual assaults occurred during these evictions are not credible. Police reports indicate that no occupiers were present when the prosecutor and members of the police and army implemented the eviction in question. Only two days after the sexual assaults were alleged to have occurred, representatives of the evicted community members met with CGN representatives and agreed on compensation for losses arising from the evictions. It is difficult to believe that such a cooperative process could have transpired if the alleged violent incidents had actually occurred.

- Prior to Hudbay's ownership, CGN had adopted the United Nations' Voluntary Principles on Security and Human Rights as well as the United Nations Code of Conduct for Law Enforcement Officials and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials. CGN was also actively involved with local communities and all levels of government to ensure the project delivered enduring benefits to the people of Guatemala. Through agreements with communities and various outreach programs provided under the direction of RAXCHÉ, a non-profit foundation, CGN worked collaboratively with local communities to support the development and enhancement of health, education and cultural centers and to increase environmental understanding in the region.
- Hudbay sold its interest in CGN in 2011, not due to the lawsuits, but because the Fenix nickel project was deemed not to fit within Hudbay's corporate strategy.

#### Manitoba

- With regard to the copper smelter at Flin Flon, at the time it was closed, the 80-year-old facility met applicable emissions standards, but we recognized its outdated technology would have made it uneconomic to meet stricter emission requirements that were due to come into effect.
- With the closure of the smelter, Hudbay's Flin Flon operations are virtually emissions free.
- Between 2007 and 2010 we funded a human health risk assessment (HRRRA) which considered the impacts of various metals found in soil samples taken from near Hudbay's metallurgical complex. The assessment, which was conducted by an independent consultant in coordination with the federal and provincial governments, and which involved numerous public meetings, concluded that the likelihood of health impacts on area residents from these metals was negligible to low.
- Hudbay's Spruce Point Mine was decommissioned in 1992 and 1993, under a plan approved by Manitoba's Environment Ministry and the site reverted to the Manitoba government in 1994. In a letter provided after a follow-up inspection by the Ministry in 1993, we were told "[t]he condition of the former mine site is excellent. It is difficult to even tell that a mine was present on this site." In 2012 we revisited the Spruce Point mine site and, with the support of government and conservation authorities, we embarked on a program to vegetate certain areas and clean up garbage that had been left by others.
- While the Mathias Colomb First Nation (MCCN) has expressed its opposition to Hudbay's Lalor mine, the orders issued by MCCN did not have any underlying legal authority. Before this, Hudbay had been committed to working with the MCCN and the Manitoba government to ensure that MCCN was adequately consulted about the impacts that would be created by the new mine. Among the initiatives we agreed to were sharing of environmental information and collaborating on educational and commercial opportunities, agreeing to \$250,000 in funding for a Traditional Use Study conducted by an expert of MCCN's choice, and offering to provide \$60,000 in funding so MCCN could hire its own environmental consultant to review the environmental studies prepared for our Lalor and Reed projects. MCCN withdrew from the consultation process without providing us any explanation and they continue to refuse to engage with Hudbay. Hudbay

continues to seek constructive engagement with the MCCN and remains hopeful we can find common ground through dialogue.

- Productive, mutually respectful relations with First Nations are a priority for Hudbay. A few years ago we hired an Aboriginal Liaison Officer to co-ordinate our efforts and believe we have good relations with the majority of First Nations around our Manitoba sites. At present, 13% of our workforce self identify as Aboriginal. Additionally:
  - We work with the Province to help First Nations candidates apply for and obtain jobs in mining and we provide assistance to First Nations contractors to bid on available contracts.
  - Hudbay is participating in the newly established Minister's Mining Advisory Council, which brings together First Nations leadership, industry representatives and the Government of Manitoba to enable First Nations communities to benefit from the development of new mines.
  - We have been invited and well received at job fairs held to let First Nations youth in Northern Manitoba know about opportunities in training and employment.
  - We have engaged an external Aboriginal consultant who leads Aboriginal Cultural Awareness workshops for our staff, to help them better understand the experiences of Aboriginal peoples in Canada.

We believe that safe and sustainable mining is an important issue and as such deserves accuracy in discussion. In the interest of accuracy we are asking you to update your content about Hudbay to remove the unsubstantiated allegations and to fairly and fully reflect the facts of the various matters you cite.

Yours truly,

A handwritten signature in cursive script, appearing to read "David Clarry".

**David Clarry**

Vice President, Corporate Social Responsibility  
Hudbay Minerals Inc.