

# **HUDBAY MINERALS INC.**

(the “Company”)

## **CONFIDENTIALITY AND INSIDER TRADING POLICY**

### **PURPOSE**

Securities laws impose various requirements on the Company and its subsidiaries (collectively “Hudbay”) and its personnel that are intended to ensure that:

- Hudbay personnel maintain the confidentiality of information about the Company;
- individuals in a “special relationship” with Hudbay do not trade in the shares or other securities of the Company when they are in possession of material, non-public information; and
- individuals do not pass on or tip that information to others.

This Policy is intended to ensure that Hudbay personnel comply with these requirements by setting out procedures and guidelines for restricting trading in securities of the Company and other issuers in respect of which Hudbay personnel may receive material, non-public information while representing Hudbay.

**The consequences of improper disclosure, trading or tipping (or suspicion of any of those activities) are serious, both for the individual involved and Hudbay. Breach of the applicable legislation, rules and regulations may involve both civil and criminal penalties, and the monetary and reputational cost of an actual or suspected breach may be significant.**

This Policy applies to all Hudbay personnel and Hudbay personnel are responsible for ensuring compliance with this Policy by their family members with whom they reside and other members of their households and entities over which they exercise voting or investment control.

### **Principles of Confidentiality**

The protection of confidentiality is vital to the operations and affairs of Hudbay. As importantly, securities laws expressly prohibit Hudbay personnel from disclosing material, non-public information concerning Hudbay or other companies in respect of whom Hudbay personnel may receive material, non-public information while representing Hudbay (“**Special Relationship Issuers**”) to any person (including, among others, family members, analysts, individual investors and members of the investment community and newsmedia), except in the necessary course of business and then, provided steps are taken to maintain confidentiality.

Because it may be difficult to determine what information is confidential, all non-public information that might be considered to influence an investor or to be harmful to Hudbay or the person to whom it relates if disclosed should be treated as if it were confidential. As a general guideline, Hudbay personnel should limit discussions with outsiders regarding Hudbay and

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should not discuss the confidential affairs of Hudbay or other issuers with outsiders. Except as contemplated in this Policy or Hudbay's Disclosure Policy, no Hudbay personnel should disclose any confidential information or material, non-public information unless that disclosure is required as part of his or her regular duties. Where that information is to be disclosed to third parties, Hudbay may want to take specific steps to preserve the confidentiality of the information, including requiring the recipient of the information to sign an appropriate form of confidentiality agreement. All inquiries (other than information of a type previously approved for disclosure on a confidential basis in the necessary course of business) from outsiders regarding confidential or material, non-public information about Hudbay or any other issuers should be referred to a member of the Disclosure Committee who will arrange a response.

Hudbay personnel are reminded that only certain designated spokespersons may speak on behalf of Hudbay with the media and investment community and represent Hudbay on social media. Additional detail is contained in Hudbay's Disclosure Policy.

Guidelines for maintaining confidentiality are included in Appendix "A".

## **PROCEDURES AND GUIDELINES GOVERNING TRADING**

### **Material Information**

**"Material information"** consists of both "material facts" and "material changes". A **"material fact"** means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Company. A **"material change"** means a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company. In general terms, material information includes any information that:

- results, or could reasonably be expected to result, in a significant change in the market price or value of any of the securities of the issuer to which the information relates; or
- there is a substantial likelihood would be considered by a reasonable security holder to be important in making an investment decision.

Both positive and negative information may be material. While it is not possible to identify all information that would be considered to be "material", regulators have suggested that the types of information listed on Appendix "B" could ordinarily be considered material.

### **Non-Public Information**

Information generally is **"non-public"** if it has not been widely disseminated through major newswire services, national news services and financial services or filed with securities regulators on a non-confidential basis. Publication on Hudbay's website, or reference to such information on social media are not sufficient to make the information publicly disclosed.

### **Trading For Speculative Purposes**

For purposes of this Policy, the terms "trade", "trading" and derivations thereof include the purchase and sale of securities. For certainty, such terms do not include the transfer of securities,

from one brokerage account to another brokerage account, provided that the beneficial ownership of such securities does not change and the transfer does not involve the payment or receipt of valuable consideration.

To limit the possibility of any suspicion of improper trading, Hudbay personnel should trade in securities of the Company only for investment, and not speculative, purposes.

### **Prohibited Activities**

No Hudbay personnel are permitted to:

- trade in Hudbay securities:
  - while in possession of material, non-public information; or
  - outside of the applicable “trading windows” or during any special “blackout periods” described below under “**Trading Windows and Blackout Periods**”.
- trade in any interest or position relating to the future price of Hudbay shares, such as a put, call or short sale.
- hedge against declines in the market value of equity securities of the Company they hold, regardless of whether such securities were purchased or received as compensation.

### **Restricted List**

The Legal and Corporate Development groups maintain a list (the “**Restricted List**”) of companies designated as restricted for purposes of trading in their securities, either because they are Special Relationship Issuers or Hudbay otherwise may have access to their confidential information. Hudbay’s directors, officers and certain other people with a need-to-know will be provided with copies of the Restricted List from time to time. Hudbay personnel are prohibited from trading in securities of a company on the Restricted List unless they receive the prior written consent of the head of the Corporate Legal group. Hudbay personnel are also prohibited from sharing the Restricted List with any other person, either within or outside of Hudbay.

Hudbay personnel who do not receive a copy of the Restricted List are prohibited from trading in all mining company securities unless they receive written confirmation (a “**Trading Confirmation**”) from a member of the corporate Legal group, or the head of Legal for their own business unit that the company in whose securities they wish to trade is not on the Restricted List. Once the Trading Confirmation is received, the person receiving the confirmation will have seven days in which to complete the desired trade and any proposed trades after the seven day period has expired will require a new Trading Confirmation. If a requested Trading Confirmation is not granted, the person requesting the confirmation must keep the denial confidential.

Hudbay personnel are reminded that, notwithstanding the granting of a Trading Confirmation, the ultimate responsibility for complying with this Policy and all applicable laws governing trading rests with the individual.

Trades in securities of mutual funds, index funds or other similar investments are exempt from the requirement to obtain a Trading Confirmation.

### **Trading Windows and Blackout Periods**

Hudbay personnel may trade in Hudbay securities only during the period beginning after the close of trading two full trading days following the Company's public release of financial results for any fiscal quarter or year, and ending at the close of trading on the last trading day of the next fiscal quarter (a "**trading window**").

No Hudbay personnel in possession of material, non-public information concerning Hudbay may trade in Hudbay securities even during applicable trading windows. Persons possessing such information may trade during a trading window only after the close of trading on the second full trading day following the Company's widespread public release of the information. If you believe you may be in possession of material, non-public information about Hudbay and wish to confirm, you should contact a member of the Disclosure Committee.

### **Special Blackouts**

In addition to the periods during which the trading window regularly is closed, as described above, there may be circumstances in which information is in the possession of the Company that would make it appropriate for a special blackout period to apply to certain or all Hudbay personnel. Notwithstanding any other provisions of this Policy, no Hudbay personnel may trade in Company securities outside of the applicable trading windows or, if subject to any special blackout, during any special blackout periods that the Disclosure Committee may designate and which will be communicated promptly on designation. No Hudbay personnel may disclose to any persons that are not Hudbay personnel that a special blackout period has been designated.

### **Approval of Trades by Reporting Insiders**

Hudbay's directors, officers and certain other senior personnel ("**Reporting Insiders**") are required by securities laws to report all trades in Hudbay securities on the System for Electronic Disclosure by Insiders (SEDI). If you are a Reporting Insider, a member of the corporate legal team will advise you of your SEDI filing obligations. Reporting Insiders should not trade in Company securities (including the exercise of options) unless the proposed trade (including the proposed number of securities and nature of the trade) has been approved by any two members of the Disclosure Committee. Any trades that have been approved must be completed within five business days (or such shorter period specified by the person approving the trade) unless such trades are made to fulfil a legally binding obligation entered into when the person making the trade did not have knowledge of material undisclosed information.

### **Exercise of Options**

The provisions of this Policy will not apply to preclude the exercise of an option to acquire Company securities outside of the applicable trading windows or during any special blackout periods, provided the exercise has been approved by two members of the Board of Directors (neither of whom then is proposing to exercise options). Company securities acquired on the exercise of options will be subject to all of the provisions of this Policy and cannot be sold in

connection with the exercise of an option pursuant to this paragraph or otherwise except in compliance with the provisions of this Policy.

### **Statutory or Regulatory Trading Restrictions**

The provisions of this Policy will be supplemented by any greater prohibitions or restrictions prescribed by any applicable laws. Any Hudbay personnel who are uncertain whether other prohibitions or restrictions apply should consult with the head of the Legal group.

## **POTENTIAL SANCTIONS**

### **Company Discipline**

Violation of this Policy or applicable laws or stock exchange requirements by any Hudbay personnel may subject that person to disciplinary action by the Company, which could include termination for cause.

### **Reporting of Violations**

Any Hudbay personnel who violate this Policy or any applicable laws or stock exchange requirements, or knows of any such violation by any other Hudbay personnel, should report the violation immediately to the head of the Legal group or the Chair of the Audit Committee or by using the anonymous incident reporting hotline in accordance with the Company's Whistleblower Policy.

## **ADMINISTRATION OF THE POLICY**

The head of the Legal group has been asked to:

- administer and interpret this Policy and monitor compliance with its provisions;
- respond (or co-ordinate responses to) all inquiries relating to this Policy;
- ensure that copies of this Policy and other appropriate materials are available to all current and new Hudbay personnel, and such other persons whom he or she determines may have access to material, non-public information concerning Hudbay;
- administer, monitor and enforce compliance with applicable legislation, rules and regulations of the applicable regulatory authorities as they relate to the use of confidential information and trading in securities of the Company and securities of Special Relationship Issuers;
- recommend revisions to this Policy as necessary to reflect changes in applicable legislation, rules and regulations; and
- maintain lists of Reporting Insiders and update that list periodically as necessary to reflect any additions or deletions.

## Appendix “A”

### Guidelines for Maintaining Confidentiality

To protect Hudbay’s confidential information, the following general guidelines should be followed on all matters. More stringent measures may be adopted for particularly sensitive matters at the discretion of the responsible individual:

- Only those third parties with a need to know should be provided with confidential information.
- Confidential information should not be discussed in public places such as elevators, hallways, restaurants, airplanes, health clubs, taxis or the subway.
- Materials containing confidential information (whether in printed or electronic format) should not be read, discarded or carried in public places in a manner that others also might read them.
- The affairs of Hudbay or Special Relationship Issuers should not be discussed by Hudbay personnel in chat rooms, bulletin boards or other public forums.
- Materials containing confidential information (and computers, mobile phones or other similar devices providing electronic access to such documents) should not be left unattended in public places, such as meeting rooms, reception areas or washrooms, or visible in vehicles.
- Laptops, mobile phones and similar devices should be carried in carry-on luggage (and not checked) when travelling.
- Persons from outside Hudbay should not be allowed to use or be in an area (such as an employee’s office) unattended where materials containing confidential information might be read by them.
- Persons who are not Hudbay personnel should not be told whether a special blackout period has been designated under this Policy except where such disclosure is necessary to ensure compliance with this Policy and securities legislation, rules and regulations.
- The whereabouts of Hudbay personnel outside the office or the identity of visitors in the office should not be disclosed to outsiders or to Hudbay personnel who don’t have a need to know. (Any person receiving a request should agree to contact the employee and relay the message.)

***Special Measures.*** While judgment and care should be exercised at all times, the individual responsible for a particularly sensitive matter should consider whether other steps would be appropriate to minimize the risk of the confidentiality of information being compromised. Those steps might include:

- Restricting access to the information.

- Marking all envelopes or packages or other materials containing sensitive materials as confidential and for opening by the addressee only.
- Securing or coding all communications that will be sent by fax or e-mail.
- Storing sensitive information on computers in a manner that limits the risk that unauthorized operators might gain access.
- Logging-off computers when away from the terminal for any substantial period.
- Putting laptops, mobile phones or other similar devices away when at home or travelling.
- Omitting names of parties and other identifying information from preliminary drafts of documents for sensitive matters and assigning code names to any confidential matters.
- Destroying all confidential waste paper by shredding.
- Holding of telephone and other conversations (and particularly those on speaker phones) regarding a confidential matter behind closed doors.
- Avoiding use of cellular or mobile telephones for conversations that may be confidential.

## **Appendix “B”**

### **Materiality**

#### **Changes in corporate structure**

- changes in share ownership that may affect control of the Company
- changes in corporate structure such as major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

#### **Changes in capital structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in the Company’s dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

#### **Changes in financial results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write downs
- changes in the value or composition of the Company’s assets
- any material change in the Company’s accounting policies

#### **Changes in business and operations**

- development that affects the Company’s resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers



- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies
- changes to the Board of Directors or executive management, including the departure of the Company's CEO, CFO, COO or president (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company's securities or their movement from one quotation system or exchange to another

#### **Acquisitions and dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

#### **Changes in credit arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

A "material fact" or "material change" may include a decision to implement such a change if such a decision is made by the Board of Directors or by senior management who believe that confirmation of the decision by the Board of Directors is probable.