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News Release

Hudbay Announces 2016 Production Guidance and Capital and Exploration Expenditure Forecasts

Summary (all amounts are in US dollars, unless otherwise noted)

- 2015 production of all key metals was within guidance ranges in both the Manitoba and South America Business Units.
- Copper concentrate inventory levels in Peru were drawn down to normal working levels during the fourth quarter, and all of the excess copper concentrate was sold by year-end.
- In 2016, assuming the mid-point of the guidance ranges is achieved, total copper, zinc and precious metals production contained in concentrate, is forecast to increase 12%, 9% and 16%, respectively, over 2015 actual levels, reflecting Constancia's first full year at capacity.
- Capital expenditure guidance is approximately $300 million for 2016, a decrease of over 20% compared to 2015 guidance. The spending plans include approximately $270 million of sustaining capital expenditures at Hudbay's current operations plus planned expenditures for advancing the Rosemont project.

Toronto, Ontario, January 13, 2016 – HudBay Minerals Inc. ("Hudbay" or the "company") (TSX, NYSE: HBM) today released its production guidance along with its capital and exploration expenditure forecasts for 2016.

Contained Metal in Concentrate[1]		2016 Guidance	2015 Production	2015 Guidance[2]
Manitoba[3]				
Copper	(tonnes)	40,000 – 50,000	41,383	40,000 – 50,000
Zinc	(tonnes)	100,000 – 125,000	102,919	95,000 – 120,000
Precious Metals[4]	(oz)	95,000 – 115,000	92,793	83,000 – 103,000
Peru				
Copper	(tonnes)	110,000 – 130,000	105,897	100,000 – 125,000
Precious Metals[4]	(oz)	50,000 – 65,000	47,263	46,000 – 59,000
Total				
Copper	(tonnes)	150,000 – 180,000	147,280	140,000 – 175,000
Zinc	(tonnes)	100,000 – 125,000	102,919	95,000 – 120,000
Precious Metals[4]	(oz)	145,000 – 180,000	140,056	129,000 – 162,000

[1] Metal reported in concentrate is prior to refining losses or deductions associated with smelter terms. Amounts for 2015 include pre-commercial production volumes for Constancia, where applicable.
[2] 2015 guidance for precious metals has been restated – refer to Footnote 4. 2015 guidance for copper and zinc is unchanged.
[3] Includes 100% of Reed mine production.
[4] Precious metals production includes gold and silver production on a gold-equivalent basis. Silver converted to gold at a ratio of 70:1. 2015 guidance and production has been restated to reflect a 70:1 ratio for consistency; a 60:1 ratio was previously used, with associated precious metals production guidance of 85,000-105,000 ounces for Manitoba, 50,000-65,000 ounces for Peru and 135,000-170,000 ounces total for Hudbay.

Copper, zinc and precious metals production in 2015 was within guidance ranges in both the Manitoba and South America Business Units, and reflects the successful ramp up of production at the Constancia and Lalor mines. 2015 copper, zinc and precious metals production in Manitoba increased year-over-year by 10%, 25% and 8%, respectively, due mainly to a full year of commercial production at the Lalor and Reed mines.

In 2016, assuming the mid-point of the guidance ranges is achieved, total copper, zinc and precious metals production contained in concentrate, is forecast to increase 12%, 9% and 16%, respectively, over 2015 actual levels, reflecting Constancia's first full year at capacity. In addition, the 777 mine is expected to benefit from improved equipment reliability resulting from its fleet renewal program. Precious metals production guidance assumes that silver is converted to gold at a ratio of 70:1, an increase from the 60:1 ratio applied previously.

Constancia's production in the first quarter of 2016 is expected to be affected by the planned replacement of the trunnions on both the SAG and ball mills on one of the two grinding circuits. The trunnions were damaged due to a lubrication failure during the commissioning period, and are expected to be replaced over a six to eight-week period in the first quarter of 2016, during which the second grinding circuit should continue to operate normally.

During the fourth quarter of 2015, shipments of copper concentrate from the Constancia mine to the port in Matarani increased with improved trucking capacity, resulting in significant inventory drawdown. The approximate concentrate inventory levels in Peru, including the mine site and port inventories, decreased from 74,000 dry metric tonnes (dmt) at the end of the third quarter, including 65,000 dmt at the mine, to a normal working level of approximately 28,000 dmt at the end of the fourth quarter, including 11,000 dmt at the mine. All of the excess copper concentrate was sold by year-end.

Metal Production and Sales		Three months ended December 31, 2015		Twelve months ended December 31, 2015	
		Contained Metal Production	Payable Metal Sales	Contained Metal Production	Payable Metal Sales
Manitoba					
Metal in concentrate					
Copper	(tonnes)	10,404	9,816	41,383	39,906
Gold	(oz)	20,184	23,996	81,338	77,910
Silver	(oz)	229,360	239,967	801,872	713,183
Refined zinc	(tonnes)	28,160	27,064	103,252	101,920
Peru					
Metal in concentrate					
Copper	(tonnes)	37,735	48,898	105,897	94,694
Gold	(oz)	6,560	7,888	18,839	15,869
Silver	(oz)	636,514	511,148	1,989,664	1,159,993

Capital Expenditure Guidance

2016 Capital Expenditure Guidance[1]	Millions
Sustaining Capital	
Manitoba	90
Peru	180
Total Sustaining Capital	**270**
Growth Capital	
Arizona[2]	30
Total Growth Capital	**30**
Capitalized Exploration	3
Total Capital Expenditure	**303**

[1] Excludes capitalized interest.
[2] Estimated spending for Rosemont to completion of an updated definitive feasibility study by mid-2016; additional expenditures to be determined.

Peru's planned sustaining capital expenditures in 2016 include approximately $45 million of deferred stripping costs compared to $27 million of deferred stripping costs included in 2015 guidance. These costs will be capitalized rather than recorded in unit operating costs. Prior estimates for sustaining capital and operating costs in the NI 43-101 Technical Report on the Constancia Project, dated October 15, 2012, did not reflect potential capitalization of deferred stripping costs. The other major component of Peru sustaining capital expenditures relates to tailings management facility costs, where construction is most intense in 2015 and 2016.

Manitoba's planned sustaining capital expenditures in 2016 have decreased from 2015 due primarily to a change in the Canadian/US dollar exchange rate assumption from C$1.10/US$ in 2015 to C$1.33/US$ in 2016, and substantial completion of the fleet renewal program at 777.

Arizona spending on the Rosemont project reflects estimated spending to the completion of an updated definitive feasibility study by mid-2016, at which point additional spending on the project will be evaluated based on the status of permitting, project economics and the metals price environment.

Exploration Guidance

Exploration activities in Manitoba will focus on targets within the Lalor mine in Snow Lake. This includes continued drilling of the exploration potential of the gold zones from the 865 metre level exploration drift. Pending complete results from the 2015 program, exploration may continue on the down plunge potential of the copper-gold zones from the 955-1025 metre level exploration ramp.

2016 Exploration Guidance	Millions
Manitoba	5
Peru	1
Arizona	-
Generative and Other	5
Total Exploration Expenditures	**11**
Capitalized Spending[1]	(3)
Total Exploration Expense	**8**

[1] Assumes $3 million of Manitoba expenditures will be capitalized.

Production and Unit Cost Guidance by Business Unit

2016 Production and Unit Cost Guidance By Business Unit		Manitoba Operations 777, Lalor and Reed[2]	Peru Operations Constancia	Total
Contained Metal in Concentrate Produced[1]				
Copper	(tonnes)	40,000 – 50,000	110,000 – 130,000	150,000 – 180,000
Zinc	(tonnes)	100,000 – 125,000	–	100,000 – 125,000
Precious Metals	(oz)[3]	95,000 – 115,000	50,000 – 65,000	145,000 – 180,000
Combined Mine and Mill Unit Operating Costs ($/tonne ore processed)[4,5]		C$85 – 104	US$8.5 – 9.4	

[1] Metal reported in concentrate is prior to refining losses or deductions associated with smelter terms.
[2] Includes 100% of Reed mine production.
[3] Precious metals production includes gold and silver production on a gold-equivalent basis. Silver converted to gold at a ratio of 70:1 for 2016 guidance.
[4] Reflects combined mine and mill costs per tonne of milled ore.
[5] Peru operations combined mine and mill unit costs are presented in USD, include G&A costs and reflect the deduction of expected deferred stripping costs. Manitoba costs are presented in CAD, and include G&A and cost of ore purchased from joint venture partner at Reed mine.

The combined unit cost methodology for Manitoba has changed in 2016 to include the cost of ore purchased from the 30% joint venture partner at the Reed mine, and an additional allocation of overhead costs to the mines and mills. The fully-loaded 2016 estimate for combined mine and mill unit operating costs of C$85-104 per tonne of ore processed includes an estimated additional C$13 per tonne attributable to the change in methodology. Excluding the impact of the change in unit cost methodology, the guidance range for Manitoba unit costs is similar in Canadian dollar terms to 2015 guidance.

Metal production in any particular quarter may vary from the annual guidance rate based on variations in grades and recoveries due to the areas mined in that quarter, the timing of planned maintenance, and other factors. Mining and processing costs in any particular quarter can also vary from the annual guidance rate above based on a variety of factors including the scheduling of maintenance events and seasonal heating requirements. As in past years, costs in the first and fourth quarters are expected to be higher at the company's Manitoba operations due to additional heating and other seasonal costs.

2016 Production and Unit Cost Guidance Flin Flon Zinc Plant		
Zinc Concentrate Treated	(tonnes)	195,000 – 240,000
Zinc Metal Produced	(tonnes)	100,000 – 120,000
Unit Operating Costs[1]		**C$0.38 – $0.46/lb**

[1] Forecast unit operating costs are calculated on the same basis as reported unit operating costs in Hudbay's quarterly and annual management's discussion and analysis, with the exception of the inclusion of additional allocated overhead cost in the forecast.

Hudbay's planned higher Manitoba domestic zinc concentrate production in 2016 is expected to result in increased zinc plant production levels compared to 2015, despite a scheduled zinc plant maintenance shutdown that is planned for the second quarter of 2016. The unit cost methodology for the zinc plant has changed in 2016 to include an additional allocation of overhead costs. The fully-loaded estimate for zinc plant unit operating costs includes C$0.06 per pound of zinc metal produced due to this change in unit cost methodology. Excluding the allocation of overhead costs, unit operating costs at the zinc plant in 2016 are expected to increase slightly from 2015 levels.

Forward-Looking Information

This news release contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian and United States securities legislation. All information contained in this news release, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results "may", "could", "would", "should", "might" "occur" or "be achieved" or "will be taken" (and variations of these or similar expressions). All of the forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, production, cost and capital and exploration expenditure guidance, anticipated production at Hudbay's mines and processing facilities, anticipated production from the company's projects and events that may affect its operations and development projects, planned maintenance shutdowns at the Constancia processing plant and Manitoba zinc plant and their anticipated impacts on production, the anticipated effect of external factors on revenue, such as commodity prices, estimation of mineral reserves and resources, mine life projections, reclamation costs, economic outlook, government regulation of mining operations, and business and acquisition strategies. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by Hudbay at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

The material factors or assumptions that Hudbay identified and were applied by the company in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to:

- the success of mining, processing, exploration and development activities;
- the accuracy of geological, mining and metallurgical estimates;
- the costs of production;
- the supply and demand for metals that Hudbay produces;
- the supply and availability of concentrate for Hudbay's processing facilities;
- the supply and availability of third party processing facilities for Hudbay's concentrate;
- the supply and availability of all forms of energy and fuels at reasonable prices;
- the availability of transportation services at reasonable prices;
- no significant unanticipated operational or technical difficulties;
- the execution of Hudbay's business and growth strategies, including the success of its strategic investments and initiatives;
- the availability of additional financing, if needed;
- the ability to complete project targets on time and on budget and other events that may affect Hudbay's ability to develop its projects;
- the timing and receipt of various regulatory and governmental approvals;
- the availability of personnel for Hudbay's exploration, development and operational projects and ongoing employee relations;
- maintaining good relations with the communities in which Hudbay operates, including the communities surrounding its Constancia mine and Rosemont project and First Nations communities surrounding its Lalor and Reed mines;
- no significant unanticipated challenges with stakeholders at Hudbay's various projects;
- no significant unanticipated events or changes relating to regulatory, environmental, health and safety matters;
- no contests over title to Hudbay's properties, including as a result of rights or claimed rights of aboriginal peoples;
- the timing and possible outcome of pending litigation and no significant unanticipated litigation;
- certain tax matters, including, but not limited to current tax laws and regulations and the refund of certain value added taxes from the Canadian and Peruvian governments; and
- no significant and continuing adverse changes in general economic conditions or conditions in the financial markets (including commodity prices and foreign exchange rates).

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of Hudbay's projects (including risks associated with the permitting of the Rosemont project and related legal challenges), dependence on key personnel and employee and union relations, risks related to political or social unrest or change, risks in respect of aboriginal and community relations, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, planned infrastructure improvements in Peru (including the expansion of the port in Matarani) not being completed on schedule, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, depletion of the company's reserves, volatile financial markets that may affect Hudbay's ability to obtain financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and estimates of mineral reserves and resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, the company's ability to comply with its pension and other post-retirement obligations, Hudbay's ability to abide by the covenants in its debt instruments and other material contracts, tax refunds, hedging transactions, as well as the risks discussed under the heading "Risk Factors" in the company's most recent Annual Information Form.

Should one or more risk, uncertainty, contingency or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, you should not place undue reliance on forward-looking information. Hudbay does not assume any obligation to update or revise any forward-looking information after the date of this news release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

Note to United States Investors

This news release has been prepared in accordance with the requirements of the securities laws in effect in Canada, which may differ materially from the requirements of United States securities laws applicable to U.S. issuers.

Information concerning Hudbay's mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of the Securities and Exchange Commission (the "SEC") set forth in Industry Guide 7. Under the SEC's Industry Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time of the reserve determination, and the SEC does not recognize the reporting of mineral deposits which do not meet the SEC Industry Guide 7 definition of "Reserve". In accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by NI 43-101, the SEC does not recognize them. You are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, you are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves.

About Hudbay

Hudbay (TSX, NYSE: HBM) is an integrated mining company producing copper concentrate (containing copper, gold and silver) and zinc metal. With assets in North and South America, the company is focused on the discovery, production and marketing of base and precious metals. Through its subsidiaries, Hudbay owns four polymetallic mines, four ore concentrators and a zinc production facility in northern Manitoba and Saskatchewan (Canada) and Cusco (Peru) and a copper project in Arizona (United States). Hudbay also has equity investments in a number of junior exploration companies. The company's growth strategy is focused on the exploration and development of properties it already controls, as well as other mineral assets it may acquire that fit its strategic criteria. Hudbay's vision is to become a top-tier operator of long-life, low cost mines in the Americas. Hudbay's mission is to create sustainable value through increased commodity exposure on a per-share basis, in high-quality and growing long-life deposits in mining-friendly jurisdictions. The company is governed by the *Canada Business Corporations Act* and its shares are listed under the symbol "HBM" on the Toronto Stock Exchange, New York Stock Exchange and Bolsa de Valores de Lima. Hudbay also has warrants listed under the symbol "HBM.WT" on the Toronto Stock Exchange and "HBM/WS" on the New York Stock Exchange.

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