

25 York Street, Suite 800  
Toronto, Ontario  
Canada M5J 2V5  
tel 416 362-8181  
fax 416 362-7844  
[hubbayminerals.com](http://hubbayminerals.com)

# News Release

---

## Hudbay Announces 2015 Production Guidance and Capital and Exploration Expenditure Forecasts

### Summary

- Initial concentrate production achieved from now constructed Constancia project in fourth quarter of 2014. Commercial production still projected for second quarter of 2015 and full capacity thereafter.
- 2014 copper production in Manitoba within guidance ranges; zinc and precious metals below guidance due to mine sequencing and previously disclosed shaft shutdown.
- Greater than 270% increase in copper production over 2014 levels expected due to planned production from all three new mines, Constancia, Lalor and Reed.
- Capital expenditure budget of approximately C\$425 million in 2015, down approximately 60% from 2014. Budget includes approximately C\$320 million of sustaining capital expenditures at Hudbay's four mines and related facilities, plus planned expenditures for permitting and engineering work at Rosemont, and capitalized exploration.

**Toronto, Ontario, January 15, 2015 – HudBay Minerals Inc. (“Hudbay” or the “company”) (TSX, NYSE:HBM)** today released its production guidance along with its capital and exploration expenditure forecasts for 2015.

Contained Metal in Concentrate <sup>1</sup>		2015 Guidance	2014 Production	2014 Guidance
<b>Manitoba<sup>2</sup></b>				
Copper	Tonnes	40,000 – 50,000	37,644	36,000 – 45,000
Zinc	Tonnes	95,000 – 120,000	82,542	87,000 – 105,000
Precious Metals <sup>3</sup>	Ounces	85,000 – 105,000	85,703	99,000 – 120,000
<b>Peru</b>				
Copper	Tonnes	100,000 – 125,000	See note 4	5,000 – 10,000
Precious Metals <sup>3</sup>	Ounces	50,000 – 65,000	See note 4	2,000 – 3,000
<b>Total</b>				
Copper	Tonnes	140,000 – 175,000	37,644	41,000 – 55,000
Zinc	Tonnes	95,000 – 120,000	82,542	87,000 – 105,000
Precious Metals <sup>3</sup>	Ounces	135,000 – 170,000	85,703	101,000 – 123,000

<sup>1</sup> Metal reported in concentrate is prior to refining losses or deductions associated with smelter terms. Amounts for 2014 and 2015 include pre-commercial production volumes for Constancia, Lalor and Reed where applicable.

<sup>2</sup> Includes 100% of Reed mine production.

<sup>3</sup> Precious metals production includes gold and silver production. Silver converted to gold at a ratio of 60:1 for 2015 guidance and 50:1 for 2014 guidance. For 2014 production, silver converted to gold at 60.5:1, based on estimated 2014 realized sales prices.

<sup>4</sup> Constancia produced 571 tonnes of copper concentrate prior to December 31, 2014.

Copper production in 2014 at Hudbay's Manitoba operations was within guidance, while zinc and precious metal production was lower than expected primarily as a result of lower grades at the 777 mine due to the sequencing of stopes, along with the impact of an unscheduled two-week shutdown of the 777 shaft in October 2014. Total copper production was below 2014 guidance as a result of only nominal copper concentrate production at Constancia in late 2014.

Production across all key metals in 2015 is expected to benefit from the first full year of production at the Constancia and Lalor mines, and improved equipment availability and ground support conditions at the 777 mine.

### Constancia Update

Production from Hudbay's 100% owned Constancia project in Peru began as expected during the fourth quarter of 2014. Commercial production remains on track for the second quarter of 2015. Safety remains a primary focus at the operation with the project achieving 21 million hours worked and only one lost time injury during 2014.

Ore commissioning began in the fourth quarter of 2014 on the first of two grinding lines, resulting in first copper concentrate production in late 2014. There are currently approximately 900,000 tonnes of ore on the run-of-mine pad and an additional 1.2 million tonnes of broken ore in the Constancia pit. The commissioning process is currently testing plant capacity and performance, including planned shutdown periods for retorquing, repairing and inspecting the plant equipment.

Physical construction is essentially complete with minimal project capital expenditures remaining. Demobilization of construction crews is ongoing as the transition from the project to operating team is underway. The plant is performing as expected with key performance areas achieving designed throughput capacities in grinding and crushing the initial softer supergene ore. The operations team is focusing on optimizing the beneficiation process. The water management, tailings pipeline, and tailings pumping and deposition facilities are performing as designed and mining and civil earthworks activities are continuing as expected.

### Capital Expenditure Budget

2015 Capital Expenditure Guidance <sup>1</sup>	C\$ Millions
<b>Sustaining Capital</b>	
Manitoba	140
Peru	180
<b>Total Sustaining Capital</b>	<b>320</b>
<b>Growth Capital</b>	
Arizona	60
Peru	10
<b>Total Growth Capital</b>	<b>70</b>
<b>Capitalized Exploration</b>	<b>35</b>
<b>Total Capital Expenditure</b>	<b>425</b>

<sup>1</sup> Excludes pre-production revenue, capitalized interest and capitalized withholding taxes.

Peru's budgeted sustaining capital expenditures include approximately C\$30 million of deferred stripping costs which relate to stripping costs projected for 2015. These costs will be capitalized rather than recorded in unit operating costs. Prior guidance for Constancia sustaining capital and operating costs in the feasibility study 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 the first two years of production.

Manitoba's budgeted sustaining capital expenditures have increased over prior year levels primarily due to planned investments in new mine equipment for Lalor and 777 following restraints on discretionary spending in 2013 and 2014.

### Exploration Budget

Exploration activities in Manitoba will focus on targets in Flin Flon and Snow Lake. This includes testing the down plunge exploration potential of the gold and copper-gold zones at Lalor from the 955-1025 metre level exploration ramp. In accordance with a recently entered into option agreement with Callinan Royalties Corporation, underground exploration drilling at Callinan's War Baby claim is also planned in 2015 with the objective of extending the mine life of 777 beyond 2020.

Hudbay expects to conduct mapping and geochemical sampling on recently staked claims located near Constancia, along with drilling in the second half of 2015 on greenfield targets in Peru. In Arizona, an additional drilling

program is planned for 2015 focusing on continuing to improve our understanding of the initial years of mining as well as plant site geotechnical work.

A further C\$20 million has been reserved to follow up potential exploration successes at our in-mine drilling programs and other strategic opportunities.

<b>2015 Exploration Guidance</b>	<b>C\$ Millions</b>
Manitoba	20
Peru	5
Arizona	10
Generative and Other	20
<b>Total Exploration Expenditures</b>	<b>55</b>
Capitalized Spending <sup>1</sup>	(35)
<b>Total Exploration Expense</b>	<b>20</b>

<sup>1</sup> Assumes \$20 million allocated to “Generative and Other” will be capitalized.

<b>2015 Production and Unit Cost Guidance By Business Unit</b>	<b>Manitoba Operations 777, Lalor and Reed<sup>2</sup></b>	<b>Peru Operations Constancia</b>	<b>Total</b>
<b>Contained Metal in Concentrate Produced<sup>1</sup></b>			
Copper (tonnes)	40,000 – 50,000	100,000 – 125,000	140,000 – 175,000
Zinc (tonnes)	95,000 – 120,000		95,000 – 120,000
Precious Metals (ounces) <sup>3</sup>	85,000 – 105,000	50,000 – 65,000	135,000 – 170,000
<b>Combined Mine and Mill Unit Operating Costs (\$/tonne ore processed)<sup>4,5</sup></b>	<b>73 – 88</b>	<b>9.0 – 10.9</b>	

<sup>1</sup> Metal reported in concentrate is prior to refining losses or deductions associated with smelter terms. Production volumes include anticipated pre-commercial production from Constancia.

<sup>2</sup> Includes 100% of Reed mine production.

<sup>3</sup> Precious metals production includes gold and silver production. Silver converted to gold at a ratio of 60:1 for 2015 guidance.

<sup>4</sup> Reflects combined mine and mill costs per tonne of milled ore. Excludes mine and mill costs and tonnes associated with pre-commercial production mine output from Constancia in 2015.

<sup>5</sup> 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 are calculated on a basis consistent with prior reporting.

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 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. Metal production and costs will also vary from quarter to quarter due to the ramp up of operations at the company’s new mines. 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.

#### **2015 Production and Unit Cost Guidance Flin Flon Zinc Plant**

Zinc Concentrate Treated	190,000 – 235,000 tonnes
Zinc Metal Produced	95,000 – 120,000 tonnes

**Unit Operating Costs<sup>1</sup>** **C\$0.31 - \$0.38/lb**

<sup>1</sup> 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.

Hudbay's planned higher Manitoba domestic zinc concentrate production in 2015 is expected to result in zinc plant production levels above 2014 results, notwithstanding an expected zinc plant maintenance shutdown during the third quarter. Unit operating costs at the zinc plant in 2015 are expected to be comparable to 2014 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, the production, cost and capital and exploration expenditure guidance contained in this news release, the permitting, development and financing of the Rosemont project, production at Hudbay's Constancia, 777, Lalor and Reed mines continued processing at Hudbay's Flin Flon concentrator, Snow Lake concentrator and Flin Flon zinc plant, successful commissioning of the Constancia processing plant, Hudbay's ability to successfully ramp up production at its Constancia project, anticipated timing of Hudbay's projects and events that may affect Hudbay's projects, including the anticipated issue of required licenses and permits, the anticipated effect of external factors on revenue, such as commodity prices, anticipated exploration and development expenditures and activities and the possible success of such activities, estimation of mineral reserves and resources, mine life projections, timing and amount of estimated future production, 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 the company identified and were applied by Hudbay 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 Hudbay produces;
- no significant and continuing adverse changes in financial markets, including commodity prices and foreign exchange rates;
- the supply and availability of reagents for Hudbay's concentrators;
- the supply and availability of concentrate for Hudbay's processing facilities;
- the supply and the 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 Hudbay’s strategic investments and initiatives;
  - the availability of additional financing, if needed, under Hudbay’s standby credit facility for Constancia and its corporate credit facility;
  - the availability of financing for Hudbay’s exploration and development projects and activities;
  - 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;
  - Hudbay’s ability to secure required land rights to complete its Constancia project;
  - maintaining good relations with the communities in which Hudbay operates, including the communities surrounding the Constancia and Rosemont projects and First Nations communities surrounding the Lalor project and Reed mine;
  - no significant unanticipated challenges with stakeholders at Hudbay’s various projects, including the company’s newly acquired Rosemont project;
  - 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.

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 commissioning of the Constancia project), depletion of Hudbay’s reserves, risks related to political or social unrest or change and those 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, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, dependence on key personnel and employee and union relations, volatile financial markets that may affect Hudbay’s ability to obtain financing on acceptable terms, the development of the Rosemont project not occurring as planned, any material inaccuracy in Augusta’s historical public disclosure and representations in the support agreement upon which Hudbay’s offer to acquire Augusta was predicated, 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, including the historical estimates of mineral reserves and resources at the Rosemont project, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, Hudbay’s ability to comply with its pension and other post-retirement obligations, Hudbay’s ability to abide by the covenants in its debt instruments or other material contracts, tax refunds, hedging transactions, as well as the risks discussed under the heading “Risk Factors” in Hudbay’s MD&A for the three and six months ended June 30, 2014 and 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.

**About Hudbay**

Hudbay (TSX, NYSE: HBM) is a Canadian integrated mining company with assets in North and South America principally focused on the discovery, production and marketing of base and precious metals. Hudbay's objective is to maximize shareholder value through efficient operations, organic growth and accretive acquisitions, while maintaining its financial strength. A member of the S&P/TSX Composite Index and the S&P/TSX Global Mining Index, Hudbay is committed to high standards of corporate governance and sustainability. Further information about Hudbay can be found on [www.hudbayminerals.com](http://www.hudbayminerals.com).

**For further information, please contact:**

Candace Brûlé  
Director, Investor Relations  
(416) 814-4387  
[candace.brule@hudbayminerals.com](mailto:candace.brule@hudbayminerals.com)