HUDBAY

TSX, NYSE – HBM
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25 York Street, Suite 800
Toronto, Ontario
Canada M5J 2V5
tel **416 362-8181**
fax 416 362-7844
hudbay.com

News Release

Hudbay Announces 2018 Production and Cost Guidance and New Collective Bargaining Agreements in Peru and Manitoba

Toronto, Ontario, January 17, 2018 – Hudbay Minerals Inc. ("Hudbay" or the "company") (**TSX, NYSE: HBM)** today released its production and operating cost guidance along with its capital and exploration expenditure forecasts for 2018 and announced the entering into of new three-year collective bargaining agreements in Peru and Manitoba. All amounts are in US dollars, unless otherwise noted:

Summary:

- On a consolidated basis, Hudbay's copper production exceeded 2017 guidance and production of zinc and precious metals were within 2017 guidance ranges.

- Production results were achieved with strong safety performance, including zero lost time accidents at the Constancia mine in 2017.

- Three-year collective bargaining agreements have been entered into with Hudbay's unionized workforces at each of its Manitoba and Peru operations, providing labour stability.

- Production of copper contained in concentrate in 2018 is forecast to decrease by approximately 15% compared to 2017 production, as the Constancia mine shifts to the lower-grade hypogene ore in the main pit, in line with the mine plan, and the Reed mine closes.

- Production of zinc contained in concentrate in 2018 is forecast to decrease by approximately 13% compared to 2017 production, as zinc grades at Lalor and 777 are lower, in line with the respective mine plans.

- Production of precious metals contained in concentrate in 2018 is forecast to increase by approximately 31% compared to 2017 production, primarily due to a planned increase in precious metals production from the Lalor mine in Manitoba and the expected start of mining at the Pampacancha deposit in Peru.

- Exploration budget of $50 million, focused on exploration near existing processing infrastructure in Manitoba and Peru, as well as grassroots exploration properties in Chile and British Columbia.

- Sustaining capital expenditures are expected to be $135 million, a decrease of approximately 27% from the previous year, as a major raise of the Constancia tailings management facility was successfully completed in 2017.

Contained Metal in Concentrate[1]		2018 Guidance	2017 Production	2017 Guidance
Manitoba[2]				
Copper	(tonnes)	27,500 – 32,500	37,411	32,500 – 42,500
Zinc	(tonnes)	105,000 – 130,000	135,156	125,000 – 150,000
Precious Metals[3]	(oz)	120,000 – 145,000	106,918	90,000 – 110,000
Peru				
Copper	(tonnes)	95,000 – 115,000	121,781	100,000 – 115,000
Precious Metals[3]	(oz)	65,000 – 85,000	51,493	55,000 – 65,000
Total				
Copper	(tonnes)	122,500 – 147,500	159,192	132,500 – 157,500
Zinc	(tonnes)	105,000 – 130,000	135,156	125,000 – 150,000
Precious Metals[3]	(oz)	185,000 – 230,000	158,411	145,000 – 175,000

[1] Metal reported in concentrate is prior to refining losses or deductions associated with smelter terms.
[2] Includes 100% of Reed mine production; Hudbay owns a 70% interest in the Reed mine.
[3] Precious metals production includes gold and silver production on a gold-equivalent basis. Silver converted to gold at a ratio of 70:1.

On a consolidated basis, Hudbay's copper production exceeded 2017 guidance and production of zinc and precious metals were within 2017 guidance ranges. Production of zinc increased over 2016 levels by approximately 22% due mainly to the ongoing ramp up of Lalor production and the re-sequenced mine plan at 777 to mine stopes containing higher zinc grades in 2017. Production results were achieved with strong safety performance, including zero lost time accidents at the Constancia mine in 2017.

In 2018, production of copper contained in concentrate is forecast to decrease by approximately 15% compared to 2017 production, due to lower copper grades at Constancia as the mine shifts to production of lower-grade hypogene ore in the main pit, in line with the mine plan, and the Reed mine closes[1]. Production of zinc contained in concentrate in 2018 is forecast to decrease by approximately 13% compared to 2017 production, due to lower zinc grades at the 777 and Lalor mines, in line with the respective mine plans.

Production of precious metals contained in concentrate in 2018 is forecast to increase by approximately 31% compared to 2017 production, primarily due to an expected increase in precious metals production from the Lalor mine in Manitoba and the expected start of mining at the Pampacancha deposit in Peru. In 2018, precious metals contained in ore production from the Lalor mine, which has no royalty or stream obligations, is expected to account for 67% of Manitoba's precious metals production, compared to 49% of 2017 actual Manitoba precious metals production. Mine development at Lalor is now adjacent to the gold zones, and a recent batch sample of gold ore sent to the Flin Flon concentrator realized favourable gold recoveries of more than 60%. The mine plan for 2018 includes some mining of the gold zone for processing at Flin Flon, which is included in our precious metals production guidance. This will enable a better understanding of the gold zone characteristics and better inform the evaluation of options for processing Lalor gold.

Negotiations to secure surface rights over the Pampacancha deposit are progressing. The community has provided Hudbay with access to the land to carry out early-works activities and Hudbay expects to begin ore production later this year. In the event that mining at Pampacancha is unexpectedly delayed beyond 2018, Hudbay expects to mine

[1] Year-over-year forecasted changes to zinc, copper and precious metals production assumes the mid-point of the 2018 guidance ranges is achieved.

material from the main Constancia pit instead, which would not impact copper production guidance, but would reduce 2018 Peru precious metals production guidance by approximately 25%.

Twin hole drilling in the Constancia pit has indicated that the positive copper grade bias versus resource grades that has been experienced since the start of Constancia's production is expected to persist through the life of the deposit, although the extent of the bias is expected to be less than what has been experienced to date. 2018 Peru copper guidance partially reflects the anticipated grade bias; work is ongoing to develop a revised mine plan and updated reserves, which are expected to be released by April 2018.

Capital Expenditure Guidance

2018 Capital Expenditure Guidance[1]	**Millions**
Sustaining Capital	
Manitoba	85
Peru[2]	50
Total Sustaining Capital	**135**
Growth Capital	
Manitoba	20
Peru	45
Arizona[3]	35
Total Growth Capital	**100**
Capitalized Exploration	10
Total Capital Expenditure	**245**

[1] Excludes capitalized interest.
[2] Includes capitalized stripping costs.
[3] Capitalized spending.

Total planned sustaining capital expenditures in 2018 are expected to decrease approximately 27% from 2017 levels. The decrease is mainly due to a decline of approximately $70 million in spending in Peru, as a major raise of the Constancia tailings management facility was successfully completed in 2017. Planned capital expenditures in Manitoba include continued drilling of the gold and copper-gold zones at Lalor and development of the ramp to access zone 27, the copper-gold zone, in 2018.

Manitoba capital expenditures also include provisions for completion of the Lalor paste backfill plant, which is intended to reduce operating costs, increase mining rates and maximize ore recovery. Manitoba capital costs do not include expenditures for the refurbishment of the Stall mill, as Hudbay intends to continue to utilize available processing capacity at the Flin Flon mill to supplement Stall's current processing capacity in lieu of expanding the Stall mill.

Peru growth capital of $45 million includes initial expenditures for developing the Pampacancha deposit and acquiring surface rights from the local community. Arizona spending of $35 million on the Rosemont project is intended to support ongoing permitting, legal and mitigation efforts, and would increase significantly if permitting is completed and the project is sanctioned for development during 2018.

Exploration Guidance

During the downturn in metals prices over the past few years, Hudbay more than doubled its owned or optioned mineral properties from approximately 380,000 hectares to approximately 860,000 hectares across Canada, Peru, the United States and Chile. Hudbay's 2018 exploration budget of $50 million, more than twice that of 2017, will be focused on exploration near existing processing infrastructure in Manitoba and Peru, as well as grassroots exploration properties in Chile and British Columbia.

As disclosed on January 8, 2018, Hudbay has acquired a large, contiguous block of mineral rights to explore for mineable deposits within trucking distance of the Constancia processing facility. Hudbay is commencing permitting, community relations and technical activities required to access and conduct drilling activities on these properties and will provide further detail on its exploration plans in due course.

2018 Exploration Guidance	**Millions**
Peru	20
Manitoba	15
Generative and Other	15
Total Exploration Expenditures	**50**
Capitalized Spending	(10)
Total Exploration Expense	**40**

Production and Unit Cost Guidance by Business Unit

2018 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)	27,500 – 32,500	95,000 – 115,000	122,500 – 147,500
Zinc	(tonnes)	105,000 – 130,000	–	105,000 – 130,000
Precious Metals	(oz)[3]	120,000 – 145,000	65,000 – 85,000	185,000 – 230,000
Combined Unit Operating Costs ($/tonne ore processed)[4]		C$110 – 123	US$7.5 – 9.2	

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

Combined unit costs for Manitoba are forecast to be higher than 2017 guidance of C$88-108/tonne, due mainly to reduced ore production at the 777 mine, the cessation of the capitalization of development costs at Reed as it approaches the end of its mine life and costs for trucking ore from Lalor to the Flin Flon concentrator for processing, in lieu of capital expenditures on expanding the Stall concentrator. Combined unit costs for Peru in 2018 are expected to be approximately 4% higher than 2017 guidance as a result of the addition of a fourth operating shift at Constancia in line with the new three-year collective bargaining agreement, as well as higher diesel and steel prices.

Metal production in any particular quarter may vary from the implied 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, particularly in Manitoba.

2018 Production and Unit Cost Guidance **Flin Flon Zinc Plant**		
Zinc Metal Produced	(tonnes)	100,000 – 115,000
Unit Operating Costs[1]		**C$0.40 – $0.50/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.

Hudbay's anticipated zinc concentrate production from the Manitoba Business Unit in 2018 is expected to result in full utilization of the Flin Flon zinc plant's processing capacity, with some zinc concentrate planned for sale to third parties.

Collective Bargaining Agreements

Hudbay has entered into separate three-year collective bargaining agreements with its unionized workforces at each of its Manitoba and Peru operations.

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 guidance contained in this news release, Hudbay's expectations regarding persistence of the positive grade reconciliation at Constancia and a restatement of the mineral reserves, anticipated production and recoveries from the gold zones at Lalor and potential processing solutions, the timing, cost and schedule for the acquisition of Pampacancha surface rights and the potential impact of any delays on Hudbay's guidance, as well as statements related to, among other things, Hudbay's objectives, strategies, and intentions and its future financial and operating performance. 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 Hudbay in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to, the execution of Hudbay's business and growth strategies, including the success of its strategic investments and initiatives; the availability and performance of Hudbay's processing facilities; the acquisition of the surface rights required to start mining the Pampacancha deposit; the persistence of the positive grade reconciliation at Constancia; the timing and costs of the closure of the Reed mine; 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; and no significant and continuing adverse changes in general economic or social or political 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), risks related to the schedule for mining at the Pampacancha deposit (including the timing and cost of acquiring the required surface rights), 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, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, depletion of Hudbay's reserves, volatile financial markets that may affect Hudbay's ability to obtain additional 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, 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 and other material contracts, tax refunds, hedging transactions, as well as the risks discussed under the heading "Risk Factors" in Hudbay'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, the reader 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 an integrated mining company primarily producing copper concentrate (containing copper, gold and silver), zinc concentrate 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. Directly and 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). 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 the acquisition, development and operation of 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. Further information about Hudbay can be found on www.hudbay.com.

For further information, please contact:

Carla Nawrocki
Director, Investor Relations
(416) 362-7362
carla.nawrocki@hudbay.com