

HUDBAY

Q1 2017 PRESENTATION



Cautionary Information

This presentation contains forward-looking information within the meaning of applicable Canadian and United States securities legislation. All information contained in this presentation, 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 presentation 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 the company’s mines and processing facilities, the anticipated timing, cost and benefits of developing the Rosemont project, Pampacancha deposit and Lalor growth projects, anticipated mine plans, anticipated metals prices and the anticipated sensitivity of the company’s financial performance to metals prices, events that may affect its operations and development projects, the permitting, development and financing of the Rosemont project, the potential to increase throughput at the Stall mill and to refurbish the New Britannia mill and utilize it to process ore from the Lalor mine, anticipated cash flows from operations and related liquidity requirements, 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 scheduled maintenance and availability of Hudbay’s processing facilities; the sustainability and success of Hudbay’s cost reduction initiatives; the accuracy of geological, mining and metallurgical estimates; anticipated metals prices and the costs of production; the supply and demand for metals that Hudbay produces; the supply and availability of all forms of energy and fuels 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, governmental and joint venture partner approvals; the availability of personnel for Hudbay’s exploration, development and operational projects and ongoing employee relations; the ability to secure required land rights to develop the Pampacancha deposit; 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).

Cautionary Information

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, development and economics of the Rosemont project and related legal challenges), risks related to the maturing nature of the 777 and Reed mines and their impact on the related Flin Flon metallurgical complex, dependence on key personnel and employee and union relations, risks related to the schedule for mining the Pampacancha deposit (including the timing and cost of acquiring the required surface rights), risks related to the cost, schedule and economics of the capital projects intended to increase processing capacity for Lalor ore, 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, 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 presentation or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

This presentation 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.

This presentation contains certain financial measures which are not recognized under IFRS, such as net debt, operating cash flow per share, cash cost and sustaining cash cost, net of by-product credits, per pound of copper produced. For further details on how Hudbay calculates these measures in respect of its operating assets, please refer to page 28 of Hudbay's management's discussion and analysis for the three months ended March 31, 2017 available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

All amounts are in U.S. dollars unless otherwise noted.

2017 PRODUCTION AND COST GUIDANCE REITERATED

- Generated positive free cash flow and repaid \$60 million on revolving credit facilities
- Financial results impacted by one-time mill maintenance costs and delays, and timing of late-quarter sales whereby revenue will be recognized upon delivery
- Lalor updated mine plan released March 30, 2017
 - Incorporates 4,500tpd plan at the Stall base metal mill beginning in 2018, a ramp-up from the current 3,000tpd
 - Commissioning of the paste backfill plant in Q1 2018; paste backfill is expected to improve mining efficiencies and reduce sustaining capex
 - Work ongoing on Au zone and refurbishment of the New Britannia mill with potential to process up to 1,500tpd of Lalor Au and Cu-Au material
- Rosemont feasibility study released March 30, 2017
 - 15.5% after-tax IRR at \$3/lb Cu, 17.7% IRR to Hudbay
 - 19-year mine life producing 102k tonnes copper p.a. at sustaining cash cost of \$1.65/lb Cu LOM
 - Project design within scope of federal permits

Q1 2017 Consolidated Results



- Consolidated cash cost of \$0.88/lb Cu
- Consolidated sustaining cash cost of \$1.46/lb Cu
- Net loss of \$2.3 million, or \$0.01 per share
- Higher gross profit in Q1 enabled us to continue to pay down debt
- Operating cash flow of \$80.6 million, lower quarter-over-quarter due to lower copper sales volumes
- Increased liquidity position

Key Results Summary			
		Q1 2017	Q4 2016
Production¹			
Copper	<i>kt</i>	34.7	43.8
Zinc	<i>kt</i>	30.6	29.1
Precious metals ²	<i>koz</i>	31.3	41.7
Copper-eq. ³	<i>kt</i>	56.5	67.4
Cash cost⁴	<i>\$/lb Cu</i>	\$0.88	\$0.85
All-in sustaining cash cost⁴	<i>\$/lb Cu</i>	\$1.46	\$1.46
EPS reported	<i>\$/sh</i>	(\$0.01)	(\$0.20)
CFPS reported	<i>\$/sh</i>	\$0.34	\$0.52
Cash	<i>\$m</i>	\$133	\$147
Net debt	<i>\$m</i>	\$1,035	\$1,085
Liquidity	<i>\$m</i>	\$433	\$391

1. Contained metal in concentrate.

2. Includes gold and silver production on a gold-equivalent basis. Silver converted to gold at a ratio of 70:1.

3. Production on a copper-equivalent basis is calculated by converting contained metal in concentrate produced at realized price.

4. Cash cost and all-in sustaining cash cost per pound of copper produced, net of by-product credits. All-in sustaining cash cost includes sustaining capital expenditures, capitalized exploration, royalties and corporate G&A.

Peru Operations Review

- Mill throughput affected by scheduled and unscheduled maintenance
- Copper recoveries decreased as a result of mixed ore types
- Combined unit operating costs increase in the quarter, but are expected to be \$7.20-\$8.80 per tonne in 2017
- Q1 cash costs of \$1.30/lb and sustaining cash cost of \$1.61/lb
- Low opening concentrate inventories in Peru at the beginning of Q1 affected sales

Peru Summary Operating Statistics		
	Q1 2017	Q4 2016
Ore mined (million tonnes)	7.2	6.2
Ore milled (million tonnes)	6.3	7.2
Copper grade milled	0.54%	0.58%
Gold grade milled (g/t)	0.04	0.05
Silver grade milled (g/t)	4.27	4.65
Copper recovery	80.1%	81.6%
Gold recovery	44.5%	43.9%
Silver recovery	62.2%	67.1%
Copper contained in conc. (kt)	27.2	34.0
Precious metals contained in conc. (koz) ¹	11.6	15.4
Combined unit operating costs (\$/tonne) ²	\$9.22	\$7.98
Cash cost (\$/lb) ³	\$1.30	\$1.11
Sustaining cash cost (\$/lb) ³	\$1.61	\$1.54

1. Precious metals production includes gold and silver production on a gold-equivalent basis. Silver is converted to gold at a 70:1 ratio.
2. Reflects combined mine, mill and G&A costs per tonne of ore milled. Unit costs reflect the deduction of expected capitalized stripping costs.
3. Cash cost and sustaining cash cost per pound of copper produced, net of by-product credits.

Manitoba Operations Review

- Ore milled was lower due to maintenance at both mills
- Increased zinc production as a result of higher grades at 777 and Lalor and higher recoveries
- Substantial operating and capital development work completed during Q1 as part of updated 4,500 tpd Lalor mine plan
- Unit costs higher due to temporary crushing facilities at Stall during Q1; permanent crusher has since been repaired and operating at planned levels
- Lower cash cost of \$(0.66)/lb and sustaining cash cost of \$0.28/lb sustaining cash cost, due to higher zinc by-product credits

Manitoba Summary Operating Statistics		
	Q1 2017	Q4 2016
Ore mined (kt)	688	675
Ore milled (kt)	637	723
Copper grade milled	1.32%	1.52%
Zinc grade milled	5.32%	4.54%
Gold grade milled (g/t)	1.43	1.60
Silver grade milled (g/t)	17.96	20.13
Copper recovery	89.4%	89.2%
Zinc recovery	90.2%	88.9%
Gold recovery	57.5%	60.5%
Silver recovery	53.9%	57.6%
Copper contained in conc. (kt) ¹	7.5	9.8
Zinc contained in conc. (kt) ¹	30.6	29.1
Precious metals contained in conc. (koz) ^{1,2}	19.6	26.3
Combined unit operating costs (\$/tonne) ³	\$119.32	\$96.38
Cash cost (\$/lb) ⁴	\$(0.66)	\$(0.06)
Sustaining cash cost (\$/lb) ⁴	\$0.28	\$0.58

1. Includes 100% of Reed mine production.

2. Precious metals production includes gold and silver production on a gold-equivalent basis. Silver is converted to gold at a 70:1 ratio.

3. Reflects combined mine, mill and G&A costs per tonne of ore milled. Includes the cost of ore purchased from our joint venture partner at Reed mine.

4. Cash cost and sustaining cash cost per pound of copper produced, net of by-product credits.

2017 Objectives

Continue to focus on operating results to generate free cash flow and further reduce debt

Advance high-return in-house opportunities

- Lalor zinc / base metal throughput
- Pampacancha
- Lalor gold

Advance permitting activities at Rosemont

Continue to evaluate exploration and acquisition opportunities that meet our criteria

HUDBAY

Q1 2017 PRESENTATION

