MINING EXPERIENCE

HUDBAY

Q4 2016 PRESENTATION | FEBRUARY 23, 2017

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, including anticipated capital and operating cost savings and anticipated production at the company’s mines and processing facilities, the anticipated timing, cost and benefits of developing the Pampacancha deposit and Lalor paste backfill plant, anticipated mine plans, anticipated metals prices and the anticipated sensitivity of the company’s financial performance to metal prices, events that may affect its operations and development projects, anticipated cash flows from operations and related liquidity requirements, the potential outcome of labour negotiations in Peru, the anticipated effect of external factors on revenue, such as commodity prices, 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 and governmental 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; the ability to successfully conclude a collective agreement with the labour union at Constancia; 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 (continued)

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 economics and permitting of the Rosemont project and related legal challenges), risks related to the maturing nature of the 777 mine and its impact on the related Flin Flon metallurgical complex, 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, 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 permitting and development of the Rosemont project not occurring as planned, 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 operating cash flow per share, net debt, cash costs, sustaining cash cost, and all-in sustaining cash cost, net of by-product credits, per pound of copper produced. For a detailed description of each of these non-IFRS financial performance measures used in this presentation, please refer to page 40 of Hudbay's management's discussion and analysis for the three months and year ended December 31, 2016 available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

The technical and scientific information in this presentation related to the Constancia mine has been approved by Cashel Meagher, P. Geo, Hudbay's Senior Vice President and Chief Operating Officer. The technical and scientific information related to all other sites and projects contained in this presentation has been approved by Robert Carter, P. Eng, Hudbay's Lalor Mine Manager. Messrs. Meagher and Carter are qualified persons pursuant to NI 43-101. For a description of the key assumptions, parameters and methods used to estimate mineral reserves and resources, as well as data verification procedures and a general discussion of the extent to which the estimates of scientific and technical information may be affected by any known environmental, permitting, legal title, taxation, sociopolitical, marketing or other relevant factors, please see the Technical Reports for the company's material properties as filed by Hudbay on SEDAR at www.sedar.com.

All amounts are in US dollars unless otherwise noted.

2016 Year in Review

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ACHIEVED OBJECTIVES IN A YEAR OF VOLATILE METAL PRICES

- ✓ Strengthened liquidity position by identifying cost savings and deferring debt repayments
- ✓ Arranged more flexible financial covenants on credit facilities
- ✓ Achieved capital and operating cost efficiencies to maximize free cash flow
- ✓ Delivered low-cost production growth in copper, zinc and precious metals
- ✓ Maintained pipeline of growth opportunities

Achieved 2016 Guidance

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MET OR EXCEEDED ALL 2016 PRODUCTION AND COST GUIDANCE

- Actual sustaining capital spending ~20% lower than 2016 guidance

		2016 Actual Full Year Results	2016 Full Year Guidance[1]	
Peru[2]				
Copper	*tonnes*	**133,432**	110,000 – 130,000	*exceeded*
Precious metals[3]	*ounces*	**65,709**	50,000 – 65,000	*exceeded*
Combined unit operating costs[4]	*$/tonne ore processed*	**$8.09**	$7.3 – 8.2	*met*
Manitoba[2]				
Copper	*tonnes*	**41,059**	40,000 – 50,000	*met*
Zinc	*tonnes*	**110,582**	100,000 – 125,000	*met*
Precious metals[3]	*ounces*	**102,242**	95,000 – 115,000	*met*
Combined unit operating costs[4]	*C$/tonne ore processed*	**C$92.77**	C$80 - 100	*met*
Sustaining capital				
Manitoba	*$ millions*	**$60**	$80	*-25%*
Peru	*$ millions*	**$118**	$140	*-16%*
Total sustaining capital	*$ millions*	**$178**	$220	*-19%*

1. Revised operating cost guidance as disclosed on February 24, 2016.
2. Contained metal in concentrate produced is prior to deductions associated with smelter terms. Manitoba 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.
4. Reflects combined mine, mill and G&A costs per tonne of ore milled. Peru operations are presented in USD, and reflect the deduction of expected capitalized stripping costs. Manitoba costs are presented in CAD, and include cost of ore purchased from joint venture partner at Reed mine.

Q4 2016 Summary

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STRONG CASH FLOW GENERATION

- Consolidated cash cost of $0.85 per pound copper
- Consolidated sustaining cash cost of $1.46 per pound copper
- Operating cash flow of $122 million, reflecting lower costs and higher prices offsetting lower copper sales volumes
- Earnings affected by one-off call premium and fees paid on the bond refinancing transaction
- Increased cash, reduced net debt and increased liquidity

Key Results Summary

		Q4 2016	Q3 2016
Production[1]			
Copper	*kt*	**43.8**	45.9
Zinc	*kt*	**29.1**	31.6
Precious metals[2]	*koz*	**41.7**	44.8
Copper-eq.[3]	*kt*	**67.4**	73.4
Cash cost[4]	*$/lb Cu*	**$0.85**	$0.91
All-in sustaining cash cost[4]	*$/lb Cu*	**$1.46**	$1.46
EPS reported	*$/sh*	**($0.20)**	$0.14
CFPS reported	*$/sh*	**$0.52**	$0.53
Cash	*$m*	**$147**	$118
Net debt	*$m*	**$1,085**	$1,105
Liquidity	*$m*	**$391**	$277

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

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- Ore milled increased as optimization of plant performance remains the primary focus
- Total copper recovery was 81.6% in Q4, affected by oxidized mineralization, offset by higher than reserve grades
- Combined unit operating costs were $7.98 per tonne in Q4
- Q4 cash costs of $1.11/lb and sustaining cash cost of $1.54/lb

Peru Summary Operating Statistics		
	Q4 2016	**Q3 2016**
Ore mined (million tonnes)	**6.2**	6.9
Ore milled (million tonnes)	**7.2**	6.9
Copper grade milled	**0.58%**	0.62%
Gold grade milled (g/t)	**0.05**	0.06
Silver grade milled (g/t)	**4.65**	4.76
Copper recovery	**81.6%**	83.6%
Gold recovery	**43.9%**	50.5%
Silver recovery	**67.1%**	71.5%
Copper contained in conc. (kt)	**34.0**	35.6
Precious metals contained in conc. (koz)[1]	**15.4**	17.6
Combined unit operating costs ($/tonne)[2]	**$7.98**	$8.71
Cash cost ($/lb)[3]	**$1.11**	$1.13
Sustaining cash cost ($/lb)[3]	**$1.54**	$1.60

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

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- Q4 production of all metals was slightly lower than Q3 levels
- Stall concentrator throughput impacted by one-off maintenance in Q4
- 777's Q4 ore mined impacted by more conservative stope sequencing needed as mine ages
- Cash cost continues to decline
  - ($0.06)/lb Cu cash cost
  - $0.58/lb Cu sustaining cash cost
- 777 mine plan re-sequencing prioritizes higher zinc grade stopes in 2017

Manitoba Summary Operating Statistics

	Q4 2016	Q3 2016
Ore mined (kt)	**675**	692
Ore milled (kt)	**723**	723
Copper grade milled	**1.52%**	1.58%
Zinc grade milled	**4.54%**	4.90%
Gold grade milled (g/t)	**1.60**	1.69
Silver grade milled (g/t)	**20.13**	22.23
Copper recovery	**89.2%**	90.5%
Zinc recovery	**88.9%**	89.2%
Gold recovery	**60.5%**	58.5%
Silver recovery	**57.6%**	57.0%
Copper contained in conc. (kt)[1]	**9.8**	10.3
Zinc contained in conc. (kt)[1]	**29.1**	31.6
Precious metals contained in conc. (koz)[1,2]	**26.3**	27.2
Combined unit operating costs ($/tonne)[3]	**$96.38**	$92.45
Cash cost ($/lb)[4]	**$(0.06)**	$0.18
Sustaining cash cost ($/lb)[4]	**$0.58**	$0.69

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

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- Continue to focus on operating efficiencies to generate incremental free cash flow
- Advance high-return in-house brownfield opportunities
  - Lalor zinc and gold throughput
  - High-grade Pampacancha deposit at Constancia
- Advance permitting activities and technical work at Rosemont
- Use free cash flow to further reduce debt and cost of capital
- Continue to evaluate exploration and acquisition opportunities that meet our criteria

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