

HUDBAY MINERALS INC.

Consolidated Balance Sheets
(in thousands of US dollars)

	Dec. 31, 2017	Dec. 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 356,499	\$ 146,864
Trade and other receivables	155,522	152,567
Inventories	141,682	112,464
Prepaid expenses	8,995	3,992
Other financial assets	2,841	3,397
Taxes receivable	3	17,319
	665,542	436,603
Receivables	32,459	32,648
Inventories	5,809	4,537
Other financial assets	22,461	30,848
Intangible assets - computer software	5,575	6,614
Property, plant and equipment	3,880,894	3,865,823
Deferred tax assets	35,989	79,483
	\$ 4,648,729	\$ 4,456,556
Liabilities		
Current liabilities		
Trade and other payables	\$ 199,117	\$ 169,662
Taxes payable	10,794	4,419
Other liabilities	51,962	42,207
Other financial liabilities	26,760	13,495
Finance lease obligations	18,327	3,172
Current portion of long-term debt	-	16,490
Deferred revenue	49,907	65,619
	356,867	315,064
Other financial liabilities	20,801	28,343
Finance lease obligations	66,246	9,760
Long-term debt	979,575	1,215,674
Deferred revenue	448,137	472,233
Provisions	200,138	179,702
Pension obligations	22,221	28,379
Other employee benefits	108,397	89,273
Deferred tax liabilities	302,092	354,916
	2,504,474	2,693,344
Equity		
Share capital	1,777,409	1,588,319
Reserves	(10,300)	(42,040)
Retained earnings	377,146	216,933
	2,144,255	1,763,212
	\$ 4,648,729	\$ 4,456,556

HUDBAY MINERALS INC.

Consolidated Statements of Cash Flows
(in thousands of US dollars)

	Three months ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Cash generated from operating activities:				
Profit (loss) for the period	\$ 99,676	\$ (47,273)	\$ 163,899	\$ (35,193)
Tax (recovery) expense	(14,136)	21,208	34,829	40,798
Items not affecting cash:				
Depreciation and amortization	75,387	78,282	293,235	299,134
Share-based payment expense	6,475	5,798	15,919	9,887
Net finance expense	21,685	76,752	100,179	164,279
Change in fair value of derivatives	537	5,356	1,790	(1,238)
Change in deferred revenue related to stream	(9,417)	(14,304)	(48,958)	(65,762)
Change in taxes receivable/payable, net	(29,906)	(4,136)	(39,326)	(3,666)
Unrealized loss (gain) on warrants	714	4,102	(1,051)	2,111
Asset impairment loss	11,320	-	11,320	-
Loss (gain) on available-for-sale investments	74	763	1,970	(373)
Pension and other employee benefit payments, net of accruals	8,535	(2,927)	3,142	(11,120)
Other and foreign exchange	(748)	1,837	4,230	2,625
Taxes paid (received)	1,708	(3,201)	(10,617)	(13,614)
Operating cash flows before change in non-cash working capital	171,904	122,257	530,561	387,868
Change in non-cash working capital	(42,467)	17,868	9,015	87,206
	129,437	140,125	539,576	475,074
Cash (used in) generated from investing activities:				
Acquisition of property, plant and equipment	(88,026)	(43,509)	(249,763)	(192,822)
Acquisition of investments	(229)	(90)	(2,245)	(359)
Release of restricted cash	-	-	16,854	45,913
Net interest received (paid)	396	(271)	890	212
	(87,859)	(43,870)	(234,264)	(147,056)
Cash (used in) generated from financing activities:				
Long-term debt borrowing	-	(208)	25,000	62,247
Principal repayments	-	(68,122)	(281,439)	(176,490)
Net refinancing of senior unsecured notes	-	21,194	-	21,194
Interest paid	-	(23,044)	(52,743)	(126,520)
Financing costs	(5,066)	(4,264)	(26,597)	(21,763)
Payment of finance lease	(3,821)	(781)	(7,509)	(2,897)
Sale Leaseback	-	-	67,275	-
Net proceeds from issuance of equity	(574)	6,761	186,852	11,719
Dividends paid	-	-	(3,686)	(3,567)
	(9,461)	(68,464)	(92,847)	(236,077)
Effect of movement in exchange rates on cash and cash equivalents	(4,545)	815	(2,830)	1,071
Net increase in cash and cash equivalents	27,572	28,606	209,635	93,012
Cash and cash equivalents, beginning of period	328,927	118,258	146,864	53,852
Cash and cash equivalents, end of period	\$ 356,499	\$ 146,864	\$ 356,499	\$ 146,864

HUDBAY MINERALS INC.

Consolidated Income Statements

(in thousands of US dollars, except share and per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Revenue	\$ 414,143	\$ 316,654	\$ 1,362,553	\$ 1,128,678
Cost of sales				
Mine operating costs	202,994	160,257	695,728	607,170
Depreciation and amortization	75,297	78,192	292,880	298,630
	278,291	238,449	988,608	905,800
Gross profit	135,852	78,205	373,945	222,878
Selling and administrative expenses	14,261	12,623	42,283	37,774
Exploration and evaluation	5,843	1,927	15,474	4,742
Other operating income and expenses	(5,312)	3,968	(12,440)	10,586
Asset impairment loss	11,320	-	11,320	-
Results from operating activities	109,740	59,687	317,308	169,776
Finance income	(1,197)	(1,065)	(2,849)	(2,792)
Finance expenses	22,882	77,817	103,028	167,071
Other finance loss (gain)	2,515	9,000	18,401	(108)
Net finance expense	24,200	85,752	118,580	164,171
Profit (loss) before tax	85,540	(26,065)	198,728	5,605
Tax (recovery) expense	(14,136)	21,208	34,829	40,798
Profit (loss) for the period	\$ 99,676	\$ (47,273)	\$ 163,899	\$ (35,193)
Earnings (loss) per share				
Basic and diluted	\$ 0.38	\$ (0.20)	\$ 0.67	\$ (0.15)
Weighted average number of common shares outstanding:				
Basic	261,271,188	236,446,367	243,500,696	235,807,509
Diluted	261,271,188	236,446,367	243,500,696	235,807,509

HUDBAY MINERALS INC.

Consolidated Statements of Comprehensive Income (Loss)
(in thousands of US dollars)

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Profit (loss) for the period	\$ 99,676	\$ (47,273)	\$ 163,899	\$ (35,193)
Other comprehensive (loss) income:				
Items that may be reclassified subsequently to profit or loss:				
Recognized directly in equity:				
Net exchange (loss) gain on translation of foreign operations	(1,289)	(5,734)	20,866	8,301
Change in fair value of available-for-sale financial investments	1,633	(2,150)	2,507	3,598
Effect of foreign exchange on available-for-sale financial investments	(107)	(358)	922	53
	237	(8,242)	24,295	11,952
Items that will not be reclassified subsequently to profit or loss:				
Recognized directly in equity:				
Remeasurement - actuarial (loss) gain	(1,919)	15,543	6,299	(11,252)
Tax effect	(1,456)	(1,810)	(3,845)	2,198
	(3,375)	13,733	2,454	(9,054)
Transferred to income statement:				
Net exchange loss on translation	-	-	3,021	-
Impairment of available-for-sale investments	74	763	2,059	1,102
Sale of available-for-sale investments	-	-	(89)	(1,037)
	74	763	4,991	65
Other comprehensive (loss) income, net of tax, for the period	(3,064)	6,254	31,740	2,963
Total comprehensive income (loss) for the period	\$ 96,612	\$ (41,019)	\$ 195,639	\$ (32,230)