UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

[Check one]

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2023 **Commission File Number 001-34244**

HUDBAY MINERALS INC.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English (if applicable))

Canada
(Province or other jurisdiction of incorporation or organization)

1000
(Primary Standard Industrial Classification Code Number (if applicable))

98-0485558
(I.R.S. Employer Identification Number (if applicable))

25 York Street
Suite 800
Toronto, Ontario
M5J 2V5, Canada
416 362-8181
(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company
2711 Centerville Road, Suite 400
Wilmington, DE 19808
302 636-5401

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	**HBM**	**The New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

N/A
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

N/A
(Title of Class)

For annual reports, indicate by check mark the information filed with this form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As at December 31, 2023, 350,728,536 common shares were outstanding.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13(d) or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements in the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit).

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

EXPLANATORY NOTE

Hudbay Minerals Inc. (the "Registrant") is a Canadian issuer eligible to file its annual report ("Annual Report") pursuant to Section 13(a) of the Exchange Act, on Form 40-F pursuant to the multi-jurisdictional disclosure system under the Exchange Act. The Registrant is a "foreign private issuer" as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), and Rule 3b-4 under the Exchange Act. The equity securities of the Registrant are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 under the Exchange Act.

The Registrant is permitted, under the multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare this Annual Report on Form 40-F in accordance with Canadian disclosure requirements, which are different from those of the United States.

This Annual Report contains references to both United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars, and Canadian dollars are referred to as "Canadian dollars" or "C$".

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's Annual Information Form ("AIF") for the fiscal year ended December 31, 2023 is incorporated herein by reference as Exhibit 99.1.

The audited consolidated financial statements (the "Audited Annual Financial Statements") of the Registrant for the years ended December 31, 2023 and 2022, including the reports of the Independent Registered Public Accounting Firm with respect thereto, are incorporated herein by reference as Exhibit 99.2. The Audited Annual Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Registrant's Management's Discussion & Analysis for the year ended December 31, 2023 is incorporated herein by reference as Exhibit 99.3.

The Registrant's Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is incorporated herein by reference as Exhibit 99.4.

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report for the Registrant's fiscal year ended December 31, 2023, an evaluation of the effectiveness of the Registrant's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) was carried out by the Registrant's management with the participation and supervision of the principal executive officer and principal financial officer. Based upon that evaluation, the Registrant's principal executive officer and principal financial officer have concluded that as of December 31, 2023, the Registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Commission rules and forms and (ii) accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The disclosure provided under the heading "Disclosure Controls and Procedures and Internal Control Over Financial Reporting" on page 78 of Exhibit 99.3, Management's Discussion & Analysis for the Year Ended December 31, 2023, is incorporated by reference herein. Management has excluded from its assessment of internal controls and disclosure controls the controls, policies and procedures of Copper Mountain Mining Corp. ("Copper Mountain"), which the Registrant acquired on June 20, 2023. This scope of limitation is in accordance with section 3.3(1)(b) of National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* , which allows for an issuer to limit the design of such controls to exclude a business that the issuer acquired not more than 365 days before the end of the financial period reported, and in accordance with similar SEC staff guidance, which allows for the exclusion of an acquired business for up to 365 days from the acquisition date. Copper Mountain's financial statements constitute 34% and 19% of net and total assets, respectively, 10% of revenues, and

19% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2023. The Registrant did not make any changes to its "internal control over financial reporting" (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the year ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Management's report dated February 22, 2024 on the Registrant's internal control over financial reporting contained in Exhibit 99.2, Audited Annual Financial Statements, is incorporated by reference herein.

The Registrant's internal control over financial reporting as of December 31, 2023 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited the Audited Annual Financial Statements. Deloitte LLP expressed an unqualified opinion on the effectiveness of the Registrant's internal control over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. As a result, even systems determined to be effective may not prevent or detect misstatements on a timely basis, as systems can provide only reasonable assurance that the objectives of the control system are met. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The disclosure provided in the two reports of Deloitte LLP titled "Report of Independent Registered Public Accounting Firm" contained in Exhibit 99.2, Audited Annual Financial Statements for the years ended December 31, 2023 and 2022, are incorporated herein by reference.

BLACKOUT PERIODS

There were no "blackout periods", as defined under Rule 100(b) of Regulation BTR, requiring notice pursuant to Rule 104 of Regulation BTR during the fiscal year ended December 31, 2023.

AUDIT COMMITTEE IDENTIFICATION AND FINANCIAL EXPERT

As at December 31, 2023, the Registrant's audit committee consisted of Carol T. Banducci, Daniel Muñiz Quintanilla, Paula C. Rogers and David S. Smith. The Registrant's board of directors has determined that each of Ms. Banducci, Mr. Muñiz Quintanilla, Ms. Rogers and Mr. Smith is an "audit committee financial expert" within the meaning of the Commission's rules. Each of Ms. Banducci, Mr. Muñiz Quintanilla, Ms. Rogers and Mr. Smith is also "independent" under the criteria of Rule 10A-3 of the Exchange Act as required by the New York Stock Exchange (the "NYSE"). The Commission has indicated that the designation of Ms. Banducci, Mr. Muñiz Quintanilla, Ms. Rogers and Mr. Smith as audit committee financial experts does not make any of them an "expert" for any purpose or impose any duties, obligations or liability on Ms. Banducci, Mr. Muñiz Quintanilla, Ms. Rogers and Mr. Smith that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation. The audit committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee appointment and reporting to the Registrant's board of directors. A copy of the current charter is attached to the AIF as Schedule C thereto and is available on the Registrant's website at www.hudbayminerals.com/about-us/governance/default.aspx.

CODE OF ETHICS

The Registrant has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. A copy of the Code of Ethics is available on the Registrant's website at www.hudbayminerals.com/about-us/governance/default.aspx. The Registrant undertakes to provide to any person, without charge, upon request, a copy of the Code of Ethics. Requests for copies of the Code of Ethics should be made by contacting the Registrant's Senior Vice President, Legal and Organizational Effectiveness at 416 362-8181. No waivers of the Registrant's Code of Ethics were granted to any principal officer of the Registrant or any person performing similar functions during the fiscal year ended December 31, 2023.

During the fiscal year ended December 31, 2023 the Registrant did not make any amendments to its Code of Ethics. All amendments to the Code of Ethics, and all waivers of the Code of Ethics with respect to any of the officers covered by it, will be posted on the Registrant's website at www.hudbayminerals.com/about-us/governance/default.aspx.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information about aggregate fees billed to us by our principal accountant, Deloitte LLP (PCAOB ID No. 1208) provided under the heading "Audit Committee Disclosure - Remuneration of Auditor" on page 64 of the AIF is incorporated by reference herein. All audit services, audit-related services, tax services, and other services provided for the fiscal year ended December 31, 2023 were pre-approved by the audit committee in accordance with the Registrant's pre-approval policy as described under the heading "Audit Committee Disclosure - Policy Regarding Non-Audit Services Rendered by Auditors" on pages 63 and 64 of the AIF.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Registrant's financial condition, changes in financial condition, revenues or expenses, results of operation, liquidity, capital expenditures or capital resources that is material to investors.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The disclosure provided under the heading "Contractual Obligations" on page 54 of Exhibit 99.3, Management's Discussion & Analysis for the Year Ended December 31, 2023, is incorporated by reference herein.

COMPARISON WITH NEW YORK STOCK EXCHANGE GOVERNANCE RULES

The NYSE requires that each listed company meet certain corporate governance standards. These standards supplement the corporate

governance reforms adopted by the United States Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002.

Under the NYSE's Listed Company Manual, a "foreign private issuer", such as the Registrant, is not required to comply with most of the NYSE corporate governance standards. However, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by U.S. companies under the NYSE corporate governance standards.

The Registrant is subject to the listing standards of the Toronto Stock Exchange (the "TSX") and the corporate governance rules of Canadian Securities Administrators. These listing standards and corporate governance rules are substantially similar to the NYSE listing standards. The Registrant complies with these TSX listing standards and Canadian corporate governance rules.

The following are the significant ways in which the Registrant's governance practices differ from those followed by domestic companies under the NYSE corporate governance standards:

Director Independence

The Registrant determines independence of its directors under the policies of the Canadian Securities Administrators. For a director to be considered independent under the policies of the Canadian Securities Administrators, he or she must have no direct or indirect material relationship with us, being a relationship that could, in the view of the board of directors reasonably be expected to interfere with the exercise of his or her independent judgment, and must not be in any relationship deemed to be not independent pursuant to such policies. To assist in determining the independence of directors for purposes that include compliance with applicable legal and regulatory requirements and policies, the board of directors has adopted certain categorical standards, which are part of our Corporate Governance Guidelines. The Registrant's board of directors also determines whether each member of the Registrant's audit committee is independent pursuant to National Instrument 52-110 Audit Committees and Rule 10A-3 of the Exchange Act. The Registrant's board of directors has not adopted the director independence standards contained in Section 303A.02 of the NYSE's Listed Company Manual.

Approval of Equity Compensation Plans

Section 303A.08 of the NYSE's Listed Company Manual requires shareholder approval of all equity compensation plans and material revisions to such plans. The definition of "equity compensation plans" covers plans that provide for the delivery of both newly issued and treasury securities, as well as plans that rely on securities re-acquired in the open market by the issuing company for the purpose of redistribution to employers and directors. The TSX rules only require that shareholders approve the adoption of equity compensation plans that provide for new issuances of securities. Any amendments to such plans are subject to shareholder approval unless the specific equity compensation plan contains detailed provisions, approved by the shareholders, which specify those amendments requiring shareholder approval and those amendments which can be made without shareholder approval. The Registrant follows the TSX rules with respect to the requirements for shareholder approval of equity compensation plans and revisions to such plans.

Shareholder Approval Requirement

In lieu of Section 312 of the NYSE's Listed Company Manual, the Registrant will follow the TSX rules for shareholder approval of new issuances of its common shares. Following the TSX rules, shareholder approval is required for certain issuances of shares that (i) materially affect control of the Registrant or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and have not been negotiated at arm's length. Shareholder approval is also required, pursuant to the TSX rules, in the case of private placements (x) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price or (y) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period.

INTERACTIVE DATA FILE

The required disclosure for the fiscal year ended December 31, 2023 is filed as Exhibit 101 to this Annual Report on Form 40-F.

MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine are required to disclose in their periodic reports filed with the Commission information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. For information regarding the Registrant's mine safety disclosures, see "Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act" filed as Exhibit 99.4 to this Annual Report on Form 40-F.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 40-F are forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act. Please see "Forward Looking Information" in the AIF for a discussion of risks, uncertainties, and assumptions that could cause actual results to vary from those forward-looking statements.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Registrant has previously filed with the Commission a written consent to service of process and power of attorney on Form F-X. Any

change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

* * *

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

HUDBAY MINERALS INC.

By: /s/ Patrick Donnelly
Name: Patrick Donnelly
Title: Senior Vice President, Legal and Organizational Effectiveness
Date: March 27, 2024

EXHIBIT INDEX

Exhibit	Description and Date of Document
Policies	
97.1	Incentive Compensation Clawback Policy
Annual Information Form; Audited Financial Statements; Management's Discussion and Analysis; Mine Safety Disclosure	
99.1	Annual Information Form for the Year Ended December 31, 2023
99.2	Audited Annual Financial Statements for the Years Ended December 31, 2023 and 2022
99.3	Management's Discussion & Analysis for the Year Ended December 31, 2023
99.4	Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act
Certifications	
99.5	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.7	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Consents	
99.9	Consent of Olivier Tavchandjian, P.Geo., dated March 27, 2024
99.10	Consent of Deloitte LLP, dated March 27, 2024
Interactive Data Files	
101	Inline Interactive Data File
101.INS	Inline XBRL Instance Document–the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

HUDBAY MINERALS INC.

INCENTIVE-BASED COMPENSATION CLAWBACK POLICY

1. Purpose

This incentive-based compensation clawback policy (the "**Policy**") has been adopted by the Board of Directors (the "**Board**") of Hudbay Minerals Inc. (the "**Company**") in order to allow the Board to require, in specific situations, the reimbursement of short-term or long-term incentive compensation received by an Executive Officer (as defined below). The Board believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy.

2. Definitions

For purposes of this Policy, the following terms shall have the meanings set forth below:

"**Excess Incentive-Based Compensation**" means (i) the amount by which any Incentive-Based Compensation that is approved, granted, awarded or paid to an Executive Officer based on erroneous or inaccurate data contained in Materially Non-Compliant Financial Statements as originally publicly filed exceeds the amount of any Incentive-Based Compensation that otherwise would have been approved, granted, awarded or paid to such Executive Officer based on the correct data contained (or to be provided in) in any subsequent restatement or other correction of such Materially Non-Compliant Financial Statements or (ii) the amount by which any Incentive-Based Compensation that is approved, granted, awarded or paid to an Executive Officer following a Wrongful Act of an Executive Officer of which the Board was not aware exceeds the amount of any Incentive-Based Compensation that otherwise would have been approved, granted, awarded or paid to such Executive Officer had the Board been aware of the Executive Officer's involvement in a Wrongful Act. The amount of Excess Incentive-Based Compensation shall be determined on a gross basis without any regard to any tax payment obligations of an Executive Officer with respect to the Incentive Compensation in question.

"**Executive Officers**" means Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, any other person who performs similar policy-making functions for the Company or any other officer of the Company who reports directly to the Chief Executive Officer. Executive officers of the Company's subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. Both current and former executive officers as defined above are included as "Executive Officers" for purposes of this Policy.

"**HR Committee**" means the Compensation and Human Resources Committee of the Board or such other committee as the Board may, from time to time, appoint to oversee the application of this Company's executive compensation policies.

"**Incentive-Based Compensation**" means any variable compensation (for greater certainty, not including base salary), including cash bonuses, stock options, share units and other incentive compensation (cash or equity-based, whether vested or unvested) awarded as compensation, the amount or payment of which is based in whole or in part on a measure or measures (whether quantitative or qualitative) that are intended to serve as an incentive for performance, notwithstanding whether such compensation is determined in whole or in part on an objective, subjective or discretionary basis by the person(s), Board or committee of the Board setting the amount or determining payment of such compensation, which is approved, granted, awarded or paid to an Executive Officer by the Company on or after the Effective Date.

"**Lookback Period**" means the three-year period preceding the date on which the Company (a) reasonably determines (or should have determined) that it is required to prepare an accounting restatement to correct the Materially Non-Compliant Financial Statements or (b) discovers the Wrongful Act.

"**Materially Non-Compliant Financial Statements**" means any financial statements of the Company where (a) a restatement of the financial statements (a "**Restatement**") is required due to (i) material non-compliance with any financial reporting requirement under applicable securities laws, other than the retrospective application of a change or amendment in accounting principles, or (ii) any materially inaccurate misstatement of the Company's earnings, revenues, gains or other similar criteria; or (b) the Company's financial results are found to be inaccurate in a manner that materially affects the calculation of compensation for Executive Officers but does not give rise to a restatement.

"**Wrongful Act**" means any material breach of the Company's Code of Conduct, as amended from time to time, that results in the termination of the Executive Officer's employment.

3. Recoupment of Excess Incentive-Based Compensation

In the event of Materially Non-Compliant Financial Statements or if the Board determines in its sole discretion that the Executive Officer has been involved in any Wrongful Act on or following the Effective Date, the Board will review all Incentive-Based Compensation paid, granted or awarded to, or received or earned by, or vested in favour of, Executive Officers on the basis of having attained any financial reporting measure during the current period and the Lookback Period.

In the event that the Board determines that a Restatement is required the Board shall recoup any Excess Incentive-Based Compensation paid, granted or awarded to, or received or earned by, or vested in favour of, any current or former Executive Officer during the current period and the Lookback Period.

If (i) the Materially Non-Compliant Financial Statements do not require a Restatement or (ii) the Board determines in its sole discretion that an Executive Officer has been involved in any Wrongful Act on or following the Effective Date, the Board may determine the amount of any Excess Incentive-Based Compensation and seek to recoup such Excess Incentive-Based Compensation paid, granted or awarded to, or received or earned by, or vested in favour of, any current or former Executive Officer during the current period and the Lookback Period.

As in effect March 2023

4. Limitation on Recoupment Period

Any recoupment under Section 3 of this Policy shall be in respect of Incentive-Based Compensation paid, granted or awarded to, or received or earned by, or vested in favour of, any current or former Executive Officer in the current period and the Lookback Period.

5. Means of Recoupment

The Board shall have the sole discretion and authority to determine the means by which any reimbursement required by this Policy shall occur. Reimbursement may, without limitation, (a) require the Executive Officer to repay all or a portion of any cash bonus (including any performance bonus) or other Incentive-Based Compensation granted, awarded or paid to the Executive Officer; (b) cancel all or a portion of any unvested or vested Incentive-Based Compensation granted, awarded or paid to the Executive Officer; (c) require the Executive Officer to repay all or a portion of any gains realized by the Executive Officer on the exercise of stock options or other equity-based compensation; (d) offset the recoupment/clawback amount against any current or future Incentive-Based Compensation; or (e) combine any of items (a) to (d) above.

If the Board cannot determine the amount of Excess Incentive-Based Compensation received by the Executive Officer directly from the information in a Restatement, then it will make its determination based on a reasonable estimate of the effect of such Restatement.

6. Effective Date

This Policy shall be effective as of March 29, 2023 (the " **Effective Date**") and shall apply to all individuals who are or become Executive Officers on or after the Effective Date in respect of all Incentive-Based Compensation paid, granted, awarded, received, earned or vested in respect of the financial year ending December 31, 2022 and all subsequent periods, whether before or after they became Executive Officers.

7. Board Authority

All determinations, decisions and interpretations to be made under this Policy shall be made by the Board, on the recommendation of the HR Committee. Any determination, decision or interpretation made by the Board under this Policy shall be final, binding and conclusive on all parties. This Policy may be amended or terminated at any time by the Board.

8. Administration of the Policy

Any applicable award agreement, form or other document setting forth the terms and conditions of any Incentive-Based Compensation covered by the Policy which is approved, granted, awarded or paid on or after the Effective Date shall be deemed to include the restrictions imposed herein and incorporate the Policy by reference and, in the event of any inconsistency, the terms of the Policy will govern.

Any determinations of the Board under this Policy shall be binding on the applicable Executive Officer.

As in effect March 2023

To the extent necessary and where permitted by law, this Policy shall constitute an agreement to extend and to exclude the applicability of any statute of limitations (including, without limitation, the *Limitations Act, 2002* (Ontario)) for recoupment by the Company of any Excess Incentive-Based Compensation or Incentive-Based Compensation.

Executive Officers shall not be entitled to any indemnification by or from the Company with respect to any amounts they are required to repay or forfeit pursuant to this Policy. Further, the Company shall not pay or reimburse any Executive Officers for any insurance policy entered into by an Executive Officer that provides for full or partial coverage of any recoupment obligation under this Policy.

9. No Impairment of Other Remedies

Any recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law, including, without limitation, (a) dismissing the Executive Officer, (b) adjusting the future compensation of the Executive Officer or (c) authorizing legal action or taking such other action to enforce the Executive Officer's obligations to the Company as it may deem appropriate in view of all of the facts and circumstances surrounding the particular case.

10. Impracticability

The Board shall recover any Excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and the New York Stock Exchange's listing standards or the listing standards of any other national securities exchange on which the Company's securities may be listed.

As in effect March 2023



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2023

March 27, 2024

TABLE OF CONTENTS

CAUTION REGARDING FORWARD-LOOKING INFORMATION	**1**
NOTE TO UNITED STATES INVESTORS	**3**
OTHER IMPORTANT INFORMATION	**4**
CURRENCY AND EXCHANGE RATES	**4**
NON-IFRS FINANCIAL PERFORMANCE MEASURES	**4**
CORPORATE STRUCTURE	**5**
INCORPORATION AND REGISTERED OFFICE	*5*
INTERCORPORATE RELATIONSHIPS	*6*
DEVELOPMENT OF OUR BUSINESS	**6**
BUSINESS, PURPOSE & STRATEGY	*6*
THREE YEAR HISTORY	*8*
DESCRIPTION OF OUR BUSINESS	**13**
GENERAL	*13*
MATERIAL MINERAL PROJECTS	*14*
OTHER ASSETS	*25*
OTHER INFORMATION	*32*
SUSTAINABILITY	**35**
HEALTH, SAFETY AND ENVIRONMENTAL POLICIES	*35*
CLIMATE CHANGE INITIATIVES	*36*
HUMAN RIGHTS POLICY	*36*
SUSTAINABILITY REPORTING	*37*
RISK FACTORS	**37**
DESCRIPTION OF CAPITAL STRUCTURE	**52**
COMMON SHARES	*52*
PREFERENCE SHARES	*52*
SENIOR UNSECURED NOTES	*53*
CREDIT RATINGS	*53*
DIVIDENDS	**56**
MARKET FOR SECURITIES	**56**
PRICE RANGE AND TRADING VOLUME	*56*
PRIOR SALES	*57*
DIRECTORS AND OFFICERS	**58**
BOARD OF DIRECTORS	*58*
EXECUTIVE OFFICERS	*60*
CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS	*61*
CONFLICTS OF INTEREST	*62*
AUDIT COMMITTEE DISCLOSURE	**62**
COMPOSITION	*63*
POLICY REGARDING NON-AUDIT SERVICES RENDERED BY AUDITORS	*63*
REMUNERATION OF AUDITOR	*64*
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	**64**
LEGAL PROCEEDINGS	*64*
REGULATORY ACTIONS	*65*
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	**65**
TRANSFER AGENT AND REGISTRAR	**65**
MATERIAL CONTRACTS	**65**
QUALIFIED PERSONS	**66**
INTERESTS OF EXPERTS	**66**
ADDITIONAL INFORMATION	**66**
SCHEDULE A: GLOSSARY OF MINING TERMS	**A-1**
SCHEDULE B: MATERIAL MINERAL PROJECTS	**B-1**
SCHEDULE C: AUDIT COMMITTEE CHARTER	**C-1**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This annual information form ("**AIF**") contains "forward-looking information" within the meaning of applicable Canadian securities laws and "forward looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. We refer to such forward-looking statements and forward-looking information together in this AIF as forward-looking information. All information contained in this AIF, 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 AIF is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, statements with respect to the company's production, cost and capital and exploration expenditure guidance, expectations regarding reductions in discretionary spending and capital expenditures, the ability of the company to stabilize and optimize the Copper Mountain mine operation and achieve operating synergies, the fleet production ramp up plan and the accelerated stripping strategies at the Copper Mountain site, the ability of the company to complete business integration activities at the Copper Mountain mine, the estimated timelines and pre-requisites for sanctioning the Copper World project and the pursuit of a potential minority joint venture partner, expectations regarding the permitting requirements for the Copper World project (including expected timing for receipt of such applicable permits), the expected benefits of Manitoba growth initiatives, including the advancement of the development and exploration drift at the 1901 deposit; the anticipated use of proceeds from the flow-through financing completed during the fourth quarter of 2023, the company's future deleveraging strategies and the company's ability to deleverage and repay debt as needed, expectations regarding the company's cash balance and liquidity, the company's ability to increase the mining rate at Lalor, the anticipated benefits from completing the Stall recovery improvement program, expectations regarding the ability to conduct exploration work and execute on exploration programs on its properties and to advance related drill plans, including the advancement of the exploration program at Maria Reyna and Caballito, the ability to continue mining higher-grade ore in the Pampacancha pit and the company's expectations resulting therefrom, expectations regarding the ability for the company to further reduce greenhouse gas emissions, the company's evaluation and assessment of opportunities to reprocess tailings using various metallurgical technologies, expectations regarding the prospective nature of the Maria Reyna and Caballito properties, the anticipated impact of brownfield and greenfield growth projects on the company's performance, anticipated expansion opportunities and extension of mine life in Snow Lake and the ability for Hudbay to find a new anchor deposit near the company's Snow Lake operations, anticipated future drill programs and exploration activities and any results expected therefrom, 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, 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 us 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 we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to:

- the ability to achieve production, cost and capital guidance;
- the ability to achieve discretionary spending reductions without impacting operations;
- no significant interruptions to our operations due to social or political unrest in the regions Hudbay operates, including the navigation of the complex environment in Peru;

- no interruptions to our plans for advancing the Copper World project, including with respect to timely receipt of applicable permits and the pursuit of a potential minority joint venture partner;
- the ability for us to successfully complete the integration and optimization of the Copper Mountain operations, achieve operating synergies and develop and maintain good relations with key stakeholders;
- the ability to execute on our exploration plans, including but not limited to (a) the potential ramp up of exploration in respect of the Maria Reyna and Caballito properties and (b) our ongoing Manitoba exploration strategies with respect to extending the mine life at our Snow Lake operations and deferring reclamation activities;
- the ability to advance drill plans;
- the success of mining, processing, exploration and development activities;
- the scheduled maintenance and availability of our processing facilities;
- the accuracy of geological, mining and metallurgical estimates;
- anticipated metals prices and the costs of production;
- the supply and demand for metals we produce;
- the supply and availability of all forms of energy and fuels at reasonable prices;
- no significant unanticipated operational or technical difficulties;
- the execution of our business and growth strategies, including the success of our strategic investments and initiatives;
- the ability to achieve our objectives and targets with respect to our environmental and climate change initiatives;
- the availability of additional financing;
- the ability to deleverage and repay debt as needed;
- the ability to complete projects on time and on budget and other events that may affect our ability to develop our projects;
- the timing and receipt of various regulatory and governmental approvals;
- the availability of personnel for our exploration, development and operational projects and ongoing employee relations;
- maintaining good relations with the employees at our operations;
- maintaining good relations with the labour unions that represent certain of our employees in Manitoba and Peru;
- maintaining good relations with the communities in which we operate, including the neighbouring Indigenous communities and local governments;
- no significant unanticipated challenges with stakeholders at our various projects;
- no significant unanticipated events or changes relating to regulatory, environmental, health and safety matters;
- no contests over title to our properties, including as a result of rights or claimed rights of Indigenous peoples or challenges to the validity of our unpatented mining claims;
- 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, changes in taxation policies 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).

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 related to the ongoing business integration of Copper Mountain and the process for designing, implementing and maintaining effective internal controls for Copper Mountain, the failure to effectively complete the integration and optimization of the Copper Mountain operations or to achieve anticipated operating synergies, political and social risks in the regions Hudbay operates, including the navigation of the complex political and social environment in Peru, risks generally associated with the mining industry and the current geopolitical environment, including future commodity prices, currency and interest rate fluctuations, energy and consumable prices, supply chain constraints and general cost escalation in the current inflationary environment, risks related to the renegotiation of collective bargaining agreements with the labour unions representing certain of our employees in Manitoba and Peru, uncertainties related to the development and operation of the company's projects, the risk of an indicator of impairment or impairment reversal relating to a material mineral property, risks related to the Copper World project, including in relation to permitting, project delivery and financing risks, risks related to the Lalor mine plan, including the ability to convert inferred mineral resource estimates to higher confidence categories, dependence on key personnel and employee and union relations, risks related to political or social instability, unrest or change, risks in respect of Indigenous and community relations, rights and title claims, operational risks and hazards, including the cost of maintaining and upgrading the company's tailings management facilities and any 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 the company's reserves, volatile financial markets and interest rates that may affect the company'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, the company'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 this AIF.

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. We do not assume any obligation to update or revise any forward-looking information after the date of this AIF or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

NOTE TO UNITED STATES INVESTORS

This AIF (and documents incorporated by reference herein) has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of the United States Securities and Exchange Commission (the "**SEC**") and reserve and resource information included herein may not be comparable to similar information disclosed by U.S. companies.

Canadian reporting requirements for disclosure of mineral properties are governed by the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by CIM Council on May 10, 2014, as amended (the "**CIM Standards**"). Further to recent amendments, mineral property disclosure requirements in the United States are governed by subpart 1300 of Regulation S-K of the Securities Act of 1933, as amended (the "**U.S. Rules**") which differ from the CIM Standards. The definitions used in NI 43-101 are incorporated by reference from the CIM Standards.

As a foreign private issuer that is eligible to file reports with the SEC pursuant to the multi-jurisdictional disclosure system (the "**MJDS**"), the Company is not required to provide disclosure on its mineral properties under the U.S. Rules and will continue to provide disclosure under NI 43-101 and the CIM Standards. If the Company ceases to be a foreign private issuer or loses its eligibility to file its annual report on Form 40-F pursuant to the MJDS, then the Company will be subject to the U.S. Rules, which differ from the requirements of NI 43-101 and the CIM Standards.

Pursuant to the U.S. Rules, the SEC recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". In addition, the definitions of "proven mineral reserves" and "probable mineral reserves" under the U.S. Rules are "substantially similar" to the corresponding CIM Standards, incorporated by reference in NI 43-101.

United States investors are cautioned that while the above terms are "substantially similar" under NI 43-101 and the CIM Standards, there are differences in the definitions under the U.S. Rules and the CIM Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that the Company may report as "proven mineral reserves", "probable mineral reserves", "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" under NI 43-101 would be the same had the Company prepared the reserve or resource estimates under the standards adopted under the U.S. Rules.

Mineralization described using these terms has a greater amount of uncertainty as to their existence and feasibility than mineralization that has been characterized as reserves. Accordingly, investors are cautioned not to assume that any "measured mineral resources", "indicated mineral resources", or "inferred mineral resources" that the Company reports are or will be economically or legally mineable.

Further, "inferred mineral resources" have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically. In accordance with Canadian rules, estimates of "inferred mineral resources" cannot form the basis of feasibility or other economic studies, except in limited circumstances where permitted under NI 43-101.

OTHER IMPORTANT INFORMATION

Certain scientific and technical terms and abbreviations used in this AIF are defined in the "Glossary of Mining Terms" attached as Schedule A.

Unless the context suggests otherwise, references to "we", "us", "our" and similar terms, as well as references to "Hudbay" and "Company", refer to Hudbay Minerals Inc. and its direct and indirect subsidiaries.

CURRENCY AND EXCHANGE RATES

This AIF contains references to both United States dollars and Canadian dollars. All references to "dollars" or "$", unless otherwise indicated, are expressed in United States dollars, and Canadian dollars are referred to as "Canadian dollars" or "C$". The average exchange rate for 2023 and the closing exchange rate as at December 29, 2023 (being the final trading day of 2023) as reported by the Bank of Canada, were one United States dollar per 1.3226 and 1.3497 Canadian dollars, respectively.

On March 26, 2024 (being the final trading day prior to the date of this AIF), the Bank of Canada daily exchange rate was one United States dollar per 1.3572 Canadian dollars.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

Hudbay uses certain non-IFRS financial performance measures in this AIF and certain of its other public disclosure documents, including adjusted net earnings (loss), adjusted net earnings (loss) per share, adjusted EBITDA, realized prices, net debt, net debt to adjusted EBITDA, cash cost, sustaining and all-in sustaining cash cost per pound of copper produced, cash cost and sustaining cash cost per ounce of gold produced and combined unit costs. These measures do not have a meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently.

Management believes adjusted net earnings (loss) and adjusted net earnings (loss) per share provides an alternate measure of the Company's performance for the current period and gives insight into its expected performance in future periods. These measures are used internally by the Company to evaluate the performance of its underlying operations and to assist with its planning and forecasting of future operating results. As such, the Company believes these measures are useful to investors in assessing the Company's underlying performance. We provide adjusted EBITDA to help users analyze our results and to provide additional information about our ongoing cash generating potential in order to assess our capacity to service and repay debt, carry out investments and cover working capital needs. Net debt is shown because it is a performance measure used by the Company to assess our financial position. Net debt to adjusted EBITDA is shown because it is a performance measure used by the Company to assess our financial leverage and debt capacity. Realized price is shown to understand the average realized price of metals sold to third parties in each reporting period. Cash cost, sustaining and all-in sustaining cash cost per pound of copper produced are shown because we believe they help investors and management assess the performance of our operations, including the margin generated by the operations and the Company. Cash cost and sustaining cash cost per ounce of gold produced are shown because we believe they help investors and management assess the performance of our Manitoba operations. Combined unit cost is shown because we believe it helps investors and management assess our cost structure and margins that are not impacted by variability in by-product commodity prices.

For a description and reconciliation of each of these measures, please see the Non-IFRS Financial Performance Measures section on pages 61 through 76 of Hudbay's management's discussion and analysis for the year ended December 31, 2023, a copy of which has been filed on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov.

CORPORATE STRUCTURE

INCORPORATION AND REGISTERED OFFICE

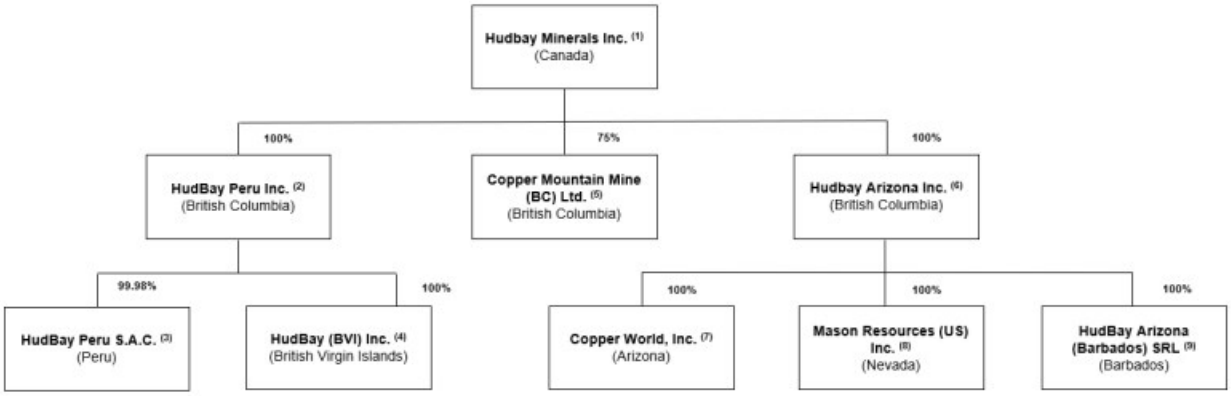
We were formed by the amalgamation of Pan American Resources Inc. and Marvas Developments Ltd. on January 16, 1996, pursuant to the *Business Corporations Act* (Ontario) and changed our name to Pan American Resources Inc. On March 12, 2002, we acquired ONTZINC Corporation, a private Ontario corporation, through a reverse takeover and changed our name to ONTZINC Corporation. On December 21, 2004, we acquired Hudson Bay Mining and Smelting Co., Limited ("**HBMS**") and changed our name to HudBay Minerals Inc. In connection with the acquisition of HBMS, on December 21, 2004, we amended our articles to consolidate our common shares on a 30 to 1 basis. On October 25, 2005, we were continued under the *Canada Business Corporations Act* ("**CBCA**"). On August 15, 2011, we completed a vertical short-form amalgamation under the CBCA with our subsidiary (HMI Nickel Inc.). On January 1, 2017, we completed a vertical short-form amalgamation under the CBCA with two of our subsidiaries (HBMS and Hudson Bay Exploration and Development Company Limited) and changed our name from HudBay Minerals Inc. to Hudbay Minerals Inc. On January 1, 2024, we completed a vertical short-form amalgamation under the CBCA (the "**2024 Amalgamation**") with three of our subsidiaries (Copper Mountain Mining Inc., Hudbay British Columbia Inc. and Rockcliff Metals Corporation) and continued carrying on business as Hudbay Minerals Inc., as the amalgamated successor entity.

Our registered office is located at 333 Bay Street, Suite 3400, Bay Adelaide Centre, Toronto, Ontario M5H 2S7 and our principal executive office is located at 25 York Street, Suite 800, Toronto, Ontario M5J 2V5.

Our common shares are listed on the Toronto Stock Exchange (" **TSX**"), New York Stock Exchange (" **NYSE**") and Bolsa de Valores de Lima under the symbol "HBM".

INTERCORPORATE RELATIONSHIPS

The following chart shows our principal subsidiaries as at January 1, 2024 (after giving effect to the 2024 Amalgamation) , their jurisdiction of incorporation and the percentage of voting securities we beneficially own or over which we have control or direction.



Notes:

1. Hudbay owns our mining operations in Manitoba, is the borrower under our Canadian Credit Facility, the issuer of our Senior Unsecured Notes and a guarantor of our Peru Facility.
2. HudBay Peru Inc. owns 99.98% of HudBay Peru S.A.C. ("**Hudbay Peru**"). The remaining 0.02% is owned by 6502873 Canada Inc., our wholly-owned subsidiary. HudBay Peru Inc. is a guarantor of our Credit Facilities and our Senior Unsecured Notes.
3. Hudbay Peru owns the Constancia mine and certain exploration properties in Peru, is the borrower under our Peru Facility and is a guarantor of our Canadian Credit Facility and our Senior Unsecured Notes.
4. HudBay (BVI) Inc. ("**Hudbay BVI**") is the party to the precious metals stream agreement in respect of the Constancia mine and its sole purpose is to fulfill its obligations thereunder.
5. Copper Mountain Mine (BC) Ltd. ("**CMMBC**"), the entity that holds the Copper Mountain mine in British Columbia, is 25% owned by MM Corporation, a wholly-owned subsidiary of Mitsubishi Materials Corporation.
6. Hudbay Arizona Inc., through its subsidiaries, indirectly owns 100% of Copper World, Inc. and Mason Resources (US) Inc. ("**Mason US**").
7. Copper World, Inc. (formerly known as Rosemont Copper Company) owns a 100% interest in the Copper World project.
8. Mason US owns a 100% interest in the Mason project in Nevada as well as certain exploration properties in the surrounding area.
9. HudBay Arizona (Barbados) SRL is the party to the precious metals stream agreement in respect of the Copper World project and its sole purpose is to fulfill its obligations thereunder.

DEVELOPMENT OF OUR BUSINESS

BUSINESS, PURPOSE & STRATEGY

Our Business

We are a diversified mining company with long-life assets in North and South America. Our Constancia operations in Cusco (Peru) produce copper with gold, silver and molybdenum by-products. Our Snow Lake operations in Manitoba (Canada) produce gold with copper, zinc and silver by-products. Our Copper Mountain operations in British Columbia (Canada) produce copper with gold and silver by-products. We have a copper development pipeline that includes the Copper World project in Arizona (United States) and the Mason project in Nevada (United States), and our growth strategy is focused on the exploration, development, operation, and optimization of properties we already control, as well as other mineral assets we may acquire that fit our strategic criteria.

Our Purpose

"*We care about our people, our communities and our planet. Hudbay provides the metals the world needs. We work sustainably, transform lives and create better futures for communities* ."

We transform lives: We invest in our employees, their families and local communities through long-term employment, local procurement and economic development to improve their quality of life and ensure the communities benefit from our presence.

We operate responsibly: From exploration to closure, we operate safely and responsibly, we welcome innovation and we strive to minimize our environmental footprint while following leading operating practices in all facets of mining.

We provide critical metals: We produce copper and other metals needed for everyday products and essential for applications to support the energy transition toward a more sustainable future.

Our Strategy

Our mission is to create sustainable value and strong returns by leveraging our core strengths in community relations, focused exploration, mine development and efficient operations.

We believe that copper is the commodity with the best long-term supply/demand fundamentals and offers shareholders the greatest opportunity for sustained risk-adjusted returns. Copper is essential for achieving global climate change goals - it is one of the most heavily utilized metals in renewable energy systems and is the least carbon intensive. Through the discovery and successful development of economic mineral deposits, and through highly efficient low-cost operations to extract the metals, we believe sustainable value will be created for all stakeholders.

Hudbay's successful development, ramp-up and operation of the Constancia open-pit mine in Peru, our long history of underground mining and full life-cycle experience in northern Manitoba, and our track record of reserve expansion through effective exploration, and our organic pipeline of copper development projects including Copper World, Mason and Llaguen, provide us with a competitive advantage to deliver sustainable value relative to other mining companies of similar scale.

Over the past decade, we have built a world-class asset portfolio by executing a consistent long-term growth strategy focused on copper. We continuously work to generate strong free cash flow and optimize the value of our producing assets through exploration, brownfield expansion projects and efficient and safe operations. Furthermore, we intend to sustainably grow Hudbay through the exploration and development of our robust project pipeline, as well as through the acquisition of other properties that fit our stringent strategic criteria.

To ensure that any investment in our existing assets or acquisition of other mineral assets is consistent with our purpose and mission, we have established a number of criteria for evaluating these opportunities. The criteria include the following:

- **Sustainability:** We are focused on jurisdictions that support responsible mining activity. Our current geographic focus is on select investment grade countries in the Americas, with strong rule of law and respect for human rights consistent with our long-standing focus on environmental, social and governance ("**ESG**") principles;

- **Copper Focus:** We believe copper is the commodity with the best long-term supply/demand fundamentals. Global copper mine supply is challenged due to declining industry grades, limited exploration success and an insufficient pipeline of development-ready projects while demand will continue to increase through global decarbonization initiatives. We believe this long-term supply/demand gap will create opportunities for increased risk-adjusted returns. While our primary focus is on copper, we recognize and value the polymetallic nature of copper deposits and, in particular, the counter-cyclical nature of gold in our portfolio;

- **Quality:** We are focused on investing in long-life, low-cost, expandable, high-quality assets that can capture peak pricing of multiple commodity price cycles and can generate free cash flow through the troughs of price cycles;

- Potential: We consider the full spectrum of acquisition and investment opportunities, from early-stage exploration to producing assets, that offer significant incremental potential for exploration, development, expansion and optimization beyond the stated resources and mine plan;

- Process: We develop a clear understanding of how an investment or acquisition can create value through our robust due diligence and capital allocation process that applies our technical, social, operational and project execution expertise;

- Operatorship: We believe value is created through leveraging Hudbay's competitive advantages in safe and efficient operations and effective exploration and project development and community relations. While operatorship is a key criterion, we are open to joint ventures and partnerships that de-risk our portfolio and increase risk-adjusted returns; and

- Capital Allocation: We pursue investments and acquisitions that are accretive to Hudbay on a per share basis. Given that our strategic focus includes allocating capital to assets at various stages of development, when evaluating accretion, we will consider measures such as internal rate of return ("**IRR**"), return on invested capital ("**ROIC**"), net asset value per share and the contained value of reserves and resources per share.

THREE YEAR HISTORY

Peru Operations

In early January 2021, we received the final mining permit for the development and operation of the Pampacancha satellite deposit located near the Constancia mine in Peru. Pampacancha achieved first production and commercial production in April 2021, following the approval of a surface rights agreement with the community of Chilloroya, completion of all land user agreements and consultation with key stakeholders.

On March 29, 2021, the Company released an updated mine plan for Constancia that included an increase in copper and gold production between 2022 and 2024 due to the higher grades from the Pampacancha deposit and also included higher-grade reserves from the Constancia Norte pit extension. During 2021, Hudbay also completed an internal scoping study which indicated the potential for economic extraction of an inferred mineral resource of 6.5 million tonnes of 1.2% copper in two high grade skarn lenses located below the open pit in the Constancia Norte area.

In late 2022 and early 2023, regional road blockades limited the ability to transport fuel and concentrate, but the Constancia mill continued to operate uninterrupted as the Company implemented risk mitigation plans with strong support from the local communities. Partially as a result of processing stockpiles to lower fuel consumption in early 2023, the mine life of the Pampacancha deposit has now been extended to the third quarter of 2025.

Hudbay also controls a large, contiguous block of mineral rights with the potential to host mineral deposits within trucking distance of the Constancia processing facility, including the past producing Caballito property and the highly prospective Maria Reyna property. We commenced early exploration activities at the Maria Reyna and Caballito properties after completing a surface rights exploration agreement with the community of Uchucarcco in August 2022. A drill permit application was submitted for the Maria Reyna property in November 2023, and a similar application for the Caballito property is planned for the first half of 2024.

During the first quarter of 2023, Hudbay signed a new 10-year power purchase agreement with ENGIE Energía Perú for access to a 100% renewable energy supply to Constancia (the "**Power Purchase Agreement**"). The Power Purchase Agreement will come into effect in January 2026 following the conclusion of Constancia's existing power supply agreement. Total Scope 1 and Scope 2 GHG emissions company-wide at Hudbay's current operations (other than Copper Mountain) are expected to decline by 40% during the life of the contract (as compared to our 2021 baseline), furthering our climate change goals and initiatives.

In 2024, the Company increased mineral reserve estimates at Constancia to include the addition of a tenth mining phase in the Constancia pit after conducting positive geotechnical drilling and studies in 2023. This extended the expected mine life at Constancia by three years to 2041 and there is potential for future mine life extensions based on the mineral resource estimates that have not yet been converted to mineral reserve estimates.

Manitoba Operations

On March 29, 2021, we released an updated mine plan for Snow Lake that increased annual gold production to over 180,000 ounces during the first six years of New Britannia's operation at a cash cost and sustaining cash cost, net of by-product credits, of $412 and $788 per ounce of gold, respectively. This enhanced mine plan incorporated the results from several optimization initiatives, including: increasing the production rate at Lalor; increasing the throughput rate at the Stall mill; incorporating mineral reserves from the 1901 deposit into the mine plan; and implementing a recovery improvement project at the Stall mill to increase copper and precious metal recoveries. These mine plan enhancements optimize the processing capacity of the Snow Lake operations in a manner that maximizes the net present value of the operations.

Refurbishment and commissioning activities at the New Britannia mill were completed in July 2021 and the construction of the new copper flotation facility at New Britannia was completed in October 2021, ahead of the original schedule. Following a brief commissioning period, the New Britannia mill achieved commercial production on November 30, 2021.

The 777 mine was closed on schedule, in June 2022, after 18 years of steady production. The Company's hydrometallurgical zinc facility in Flin Flon was also closed after more than 25 years of successful operations. Hudbay is committed to strong and safe closure practices and has considered stringent and detailed environmental plans to manage water and the remaining infrastructure and processing plants in Flin Flon.

Following the closure of the 777 mine, the Flin Flon concentrator and tailings impoundment area were placed on care and maintenance, providing optionality should another mineral discovery lead to a new mine in the Flin Flon area. With this in mind, in March 2024, Hudbay entered into an option agreement (the "**Marubeni Option Agreement**") with Marubeni Corporation ("**Marubeni**"), pursuant to which Hudbay has granted Marubeni's wholly-owned Canadian subsidiary an option to acquire a 20% interest in three projects located within trucking distance of Hudbay's processing facilities in the Flin Flon area. Pursuant to the Marubeni Option Agreement, Marubeni must fund no less than C$12 million in exploration expenditures over a period of approximately 5 years in order to exercise its option. Upon successful completion of Marubeni's earn-in obligations and the exercise of the option, a joint venture will be formed to hold the selected projects with Hudbay, acting as operator, holding an 80% interest and Marubeni indirectly holding the remaining 20% interest.

In addition, we continue to evaluate the economic feasibility of reprocessing the tailings in the Flin Flon tailings impoundment area (" **FFTIA**"), which holds more than 100 million tonnes of tailings that have been deposited over approximately 90 years. Recent drill programs indicate higher zinc, copper, and silver grades than predicted by historical mill records while confirming the historical gold grade and that may also be amenable to economic modern extraction and recovery methods. Included in our evaluation of moving forward with the tailings reprocessing opportunity is the potential to more efficiently manage the environmental impacts associated with the existing tailings in the FFTIA and simplify the long-term reclamation process.

On September 14, 2023, Hudbay successfully completed its acquisition of Rockcliff Metals Corp. (" **Rockcliff**"), pursuant to which Hudbay acquired all of the issued and outstanding common shares of Rockcliff that it did not already own (the "**Rockcliff Transaction**") by way of a court-approved plan of arrangement. Rockcliff was one of the largest landholders in the Snow Lake area, with approximately 1,800 square kilometres across all its properties. Prior to the Rockcliff Transaction, Rockcliff was Hudbay's 49% joint venture partner of the Talbot deposit. The Talbot deposit and the additional Rockcliff exploration properties provide further optionality and potential future feed sources for the Stall and New Britannia mills. In 2023, Hudbay also completed the acquisition of mineral claims in the Cook Lake area, which is also located within trucking distance of the existing Snow Lake processing infrastructure and which forms part of Hudbay's 2024 exploration strategy.

British Columbia Operations

On April 13, 2023, Hudbay entered into a definitive arrangement agreement (the "**CMMC Arrangement Agreement**") with Copper Mountain Mining Corp. ("**Copper Mountain**"). On June 20, 2023, Hudbay completed the acquisition of all of the issued and outstanding common shares of CMMC (including all CMMC CHESS Depositary Interests ("**CMMC CDIs**")) (collectively, the "**CMMC Shares**") in accordance with the terms of the CMMC Arrangement Agreement and pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (collectively, the "**CMMC Transaction**") and, in consideration therefor, former holders of CMMC Shares ("**CMMC Shareholders**") received 0.381 of a Hudbay Share for each CMMC Share held immediately prior to the effective time of the CMMC Transaction.

Pursuant to the CMMC Transaction, in aggregate, Hudbay issued 84,165,617 Hudbay Shares to former CMMC Shareholders as consideration for their CMMC Shares. The CMMC Shares were de-listed from the TSX on June 21, 2023 and Copper Mountain has ceased to be a reporting issuer under Canadian securities laws. The CMMC CDIs were de-listed from the Australian Securities Exchange on June 21, 2023.

As a result of the completion of the CMMC Transaction, Copper Mountain became a wholly-owned subsidiary of Hudbay and Hudbay became the indirect owner of 75% of the Copper Mountain mine, with Mitsubishi Materials Corporation ("**MMC**") holding the remaining interest. After giving effect to the 2024 Amalgamation described herein, Hudbay became the direct owner of 75% of the Copper Mountain mine. In connection with the closing of the CMMC Transaction, Hudbay appointed Jeane Hull and Paula Rogers, former directors of Copper Mountain, to the board of Hudbay.

Since completing the CMMC Transaction, Hudbay has been focused on advancing integration, stabilization and optimization plans, including opening up the mine by adding additional mining faces and re-mobilizing idle haul trucks, optimizing the ore feed to the plant and implementing plant improvement initiatives.

On December 5, 2023, Hudbay released its first NI 43-101 technical report in respect of the Copper Mountain mine. As detailed in the technical report, the mine plan contemplates average annual copper production of 46,500 tonnes in the first five years, 45,000 tonnes in the first ten years and 37,000 tonnes over the 21-year mine life. The updated mine plan represents an approximate 90% increase in average annual copper production and an approximate 50% decrease in cash costs over the first 10 years compared to 2022 levels.

Arizona Development Strategy

As part of its private land development plan, Hudbay began exploring its patented mining claims in the historic Helvetia mining district in 2020. The Company initiated a drill program to confirm historical drilling in this past-producing region, and the drill program was further expanded throughout 2021 after continuing to receive encouraging results. Four deposits were discovered in early 2021 with oxide and sulfide mineralization occurring at shallow depths on Hudbay's wholly-owned patented mining claims. By September 2021, the exploration program had identified seven mineral deposits (referred to at the time as the "Copper World deposits") over a seven-kilometre strike area. An initial mineral resource estimate was declared at the Copper World deposits in December 2021, which was larger and at a higher level of geological confidence than expected.

Following our exploration success on patented mining claims and ongoing litigation uncertainty regarding the project design set forth in Hudbay's 2017 feasibility study and technical report for the Rosemont deposit, Hudbay began to evaluate alternative design options to unlock value within this prospective district. This included remodeling the 2017 mineral resources, incorporating the new mineral resources from successful exploration results and completing new metallurgical testing work, which led to a comprehensive review of the mine plan, process plant design, tailings deposition strategies and permitting requirements for the new project.

This culminated in the release of a preliminary economic assessment of our 100%-owned Copper World project in July 2022 (the " **Copper World PEA**"). The Copper World PEA included the recently discovered Copper World deposits along with the East deposit (which we formerly referred to as the Rosemont deposit). The Copper World PEA contemplated a two-phased mine plan with the first phase reflecting a standalone operation with processing infrastructure on Hudbay's private land and mining occurring on patented mining claims.

In September 2023, Hudbay released its de-risked and enhanced pre-feasibility study for Phase I of the Copper World project (the " **Copper World PFS**"). The Copper World PFS reflects the results of Hudbay's further technical work on Phase I of the Copper World project. Phase I is a standalone operation requiring state and local permits only. Phase I has a mine life of 20 years, which is four years longer than the Phase I mine life that was presented in the Copper World PEA, largely due to an increase in the capacity for tailings and waste deposition as a result of optimizing the site layout. Phase II is expected to involve an expansion onto federal lands with an extended mine life and enhanced project economics. Phase II would be subject to the federal permitting process and was not included in the PFS results. See "Material Mineral Projects - Copper World" for further information regarding the Copper World PFS findings.

The first key state permit required for Copper World, the Mined Land Reclamation Plan, was initially approved by the Arizona State Mine Inspector in October 2021 and was subsequently amended to reflect a larger private land project footprint. This approval was challenged in state court, but the challenge was dismissed in May 2023 as having no basis. In late 2022, Hudbay submitted the applications for an Aquifer Protection Permit and an Air Quality Permit to the Arizona Department of Environmental Quality. Hudbay expects to receive these two outstanding state permits in 2024.

As part of our disciplined approach to developing Copper World, in November 2022, Hudbay introduced a three prerequisites plan, including specific leverage targets that it would need to achieve prior to making an investment decision in the project:

1. *Permits* - receipt of all state level permits required for Phase I
2. *Plan* - completion of a definitive feasibility study with an internal rate of return of greater than 15%
3. *Prudent Financing Strategy* - multi-faceted financing strategy including
    - a committed minority joint venture partner;
    - a renegotiated precious metals stream agreement optimized for the current project;
    - net debt to EBITDA ratio of less than 1.2 times;
    - a minimum cash balance of $600 million; and,
    - limited non-recourse project level debt of up to $500 million.

While Hudbay has made significant progress on all aspects of its three prerequisites plan, the opportunity to sanction Copper World is not currently expected until late 2025 based on current estimated timelines and will ultimately be evaluated against other competing investment opportunities as part of Hudbay's capital allocation process.

Financing Activities

In May 2020, we entered into a gold forward sale and prepay arrangement (" **Gold Prepay**") with a syndicate of our existing lenders whereby we received an upfront payment of $115 million in exchange for delivering a total of 79,954 gold ounces in future years on gold forward curve prices averaging approximately $1,682 per ounce. The Gold Prepay was executed to pre-fund substantially all of the expected capital costs to complete the New Britannia project. We repaid approximately 50% of the original Gold Prepay in 2022 and recommenced deliveries under the Gold Prepay in October 2023, further reducing the outstanding liability. Hudbay is currently scheduled to fully repay the Gold Prepay by August 2024.

On March 8, 2021, we completed an offering of $600 million aggregate principal amount of 4.50% senior unsecured notes due 2026. The proceeds of this offering were used to redeem $600 million of our then outstanding 7.625% senior unsecured notes due 2025.

On October 26, 2021, we completed an amendment and restatement of our senior secured revolving credit facilities (the " **Credit Facilities**"). As a result of the amendment, the total available borrowings under the Credit Facilities was increased to $450.0 million from $400.0 million to reflect our anticipated business requirements until October 2025 when the Credit Facilities mature. We also eliminated certain financial covenants while amending others to increase our financial flexibility and reduced the effective interest.

On April 9, 2021, Copper Mountain completed an offering of $250 million of secured bonds (the " **Copper Mountain Bonds**"). The Copper Mountain Bonds provided the bondholders with the right to put all or part of the principal amount of the outstanding Copper Mountain Bonds at a price of 101%, plus accrued interest, following a change of control event. As of the completion of the CMMC Transaction on June 20, 2023, approximately $143 million of Copper Mountain Bonds remained outstanding and, after giving effect to the completion of the CMMC Transaction, the change of control event was triggered and $83.3 million of the Copper Mountain Bonds were put to Copper Mountain on July 17, 2023. The Company utilized its Credit Facilities to finance the redemption of the Copper Mountain Bonds that were put to Copper Mountain. In the fourth quarter of 2023, Hudbay continued its deleveraging efforts by redeeming, in full, the remaining $59.7 million principal amount of outstanding Copper Mountain Bonds. The Copper Mountain Bonds were previously scheduled to mature on April 9, 2026.

In connection with the closing of the CMMC Transaction, we further amended the Credit Facilities to allow us to designate the Copper Mountain group of companies as "unrestricted subsidiaries" under the Credit Facilities until the full repayment of the Copper Mountain Bonds. Following the full repayment of the Copper Mountain Bonds in the fourth quarter, the members of the Copper Mountain group of companies became "restricted subsidiaries" under our Credit Facilities and we pledged our shares in Copper Mountain Mine (BC) Ltd. to our lenders.

Following these deleveraging efforts and recent repayments on the outstanding liabilities under the Credit Facilities, we had an aggregate of approximately $1.3 billion of long-term debt as of December 31, 2023. For more information, see "Description of Capital Structure".

Executive Leadership

On January 4, 2022, André Lauzon was appointed Hudbay's Chief Operating Officer, following the resignation of Cashel Meagher. Mr. Lauzon has over 25 years of mining industry experience and previously served as the Vice President of Hudbay's Arizona Business Unit from 2018 to 2021, where he was responsible for Hudbay's strategic initiatives in the U.S. and advancement of the Rosemont and Copper World projects. Prior to that, Mr. Lauzon held strategic and operational leadership roles in Manitoba, where he served as Vice President of the Manitoba Business Unit from 2016 to 2018.

On October 13, 2022, Eugene Lei was appointed as Hudbay's Chief Financial Officer, replacing Steve Douglas. Mr. Lei has over 20 years of global mining investment banking, finance and corporate development experience. Since joining Hudbay in 2012, he has progressed through several senior management roles and executive responsibilities, including leading the corporate development, strategy and investor relations functions. He was interim CFO at Hudbay in 2020 and led the gold prepayment transaction in May 2020 to finance the capital reinvestment program in the New Britannia mill.

These executive appointments demonstrate the strong internal bench strength at Hudbay, and together with Peter Kukielski, Hudbay's President and Chief Executive Officer since January 2020, the executive team has provided continuous leadership in executing the Company's long-term growth strategy to drive sustainable value for all of our stakeholders.

DESCRIPTION OF OUR BUSINESS

GENERAL

We have four material mineral projects:

1. our 100% owned Constancia mine, an open pit copper mine in Peru, which achieved commercial production in the second quarter of 2015;
2. our 100% owned Lalor mine, an underground gold, zinc and copper mine near Snow Lake, Manitoba, which achieved commercial production in the third quarter of 2014;
3. our 75% owned Copper Mountain mine, an open pit copper mine in southern British Columbia, which also produces gold and silver as by-product metals; and
4. our 100% owned Copper World project, a copper development project in Pima County, Arizona.

In addition to mining properties in northern Manitoba and the Copper Mountain mine in southern British Columbia, Hudbay owns and operates a portfolio of processing facilities in Canada. This includes the Stall concentrator, which produces zinc and copper concentrates and the recently refurbished New Britannia mill, which produces copper concentrate and gold/silver doré (each of which is in Snow Lake, Manitoba), and the processing facility at the Copper Mountain mine, which produces copper concentrate. Hudbay also owns a number of other properties in the Snow Lake region within trucking distance of the Stall and New Britannia mills that have the potential to provide additional feed for its Snow Lake operations.

In Peru, Hudbay owns and operates a processing facility at Constancia, which produces copper and molybdenum concentrates from Hudbay's Constancia and Pampacancha deposits. Hudbay also owns a large, contiguous block of mineral rights within trucking distance of the Constancia processing facility, including the past producing Caballito property and the highly prospective Maria Reyna property. In addition, Hudbay owns a 100% interest in the Llaguen project, a greenfield project located close to existing infrastructure in northern Peru.

In Nevada, we own a 100% interest in the Mason project, an early-stage copper project with a substantial mineral resource and a robust PEA.

The following map shows where our primary assets and certain exploration properties are located:



MATERIAL MINERAL PROJECTS

Constancia

Constancia is our 100% owned copper mine in Peru. It is located in the Province of Chumbivilcas in southern Peru and consists of the Constancia and Pampacancha deposits.

On February 18, 2020, the community of Chilloroya formally approved a surface rights agreement with Hudbay for the Pampacancha satellite deposit located near the Constancia mine in Peru. Throughout the remainder of 2020, we focused on negotiating individual agreements with those members of the Chilloroya community who made use of the Pampacancha lands and advancing the consultation process between the government and the Chilloroya community as per Peru's Consulta Previa law. The Consulta Previa process was completed at the end of 2020, and in early January 2021, the Peruvian regulators granted us the final mining permit for the development and operation of Pampacancha. Pampacancha achieved first production in April 2021, following the completion of all land user agreements. Due to its short ramp-up period, Pampacancha also achieved commercial production in April 2021.

On March 29, 2021, the Company released an updated mine plan for Constancia that included an increase in copper and gold production between 2022 and 2024 due to the higher grades from the Pampacancha deposit and also included higher-grade reserves from the Constancia Norte pit extension. During 2021, Hudbay also completed an internal scoping study which indicated the potential for economic extraction of an inferred mineral resource of 6.5 million tonnes of 1.2% copper in two high grade skarn lenses located below the open pit in the Constancia Norte area.

In late 2022 and early 2023, regional road blockades limited the ability to transport fuel and concentrate, but the Constancia mill continued to operate uninterrupted as the Company implemented risk mitigation plans with strong support from the local communities Partially as a result of processing stockpiles to lower fuel consumption in early 2023, the mine life of the Pampacancha deposit has now been extended to the third quarter of 2025.

In 2023, the Constancia operations performed well, delivering 100,487 kt of copper at a cash cost of $1.07 per pound of copper net of by-products, with significantly higher copper and record gold production levels in the second half of 2023. This was driven by higher expected grades at the Pampacancha satellite pit, which resulted in full year 2023 production of copper, gold, silver and molybdenum increasing by 12%, 96%, 8% and 14%, respectively, over 2022 levels. Also contributing to the higher production levels was the successful completion of the mill recovery improvement program in the second quarter of 2023, as planned, ahead of the start of the period of higher grades from the Pampacancha pit and achieving the targeted 2% increase in copper recoveries.

Hudbay also controls a large, contiguous block of mineral rights with the potential to host mineral deposits within trucking distance of the Constancia processing facility, including the past producing Caballito property and the highly prospective Maria Reyna property. We commenced early exploration activities at the Maria Reyna and Caballito properties after completing a surface rights exploration agreement with the community of Uchucarcco in August 2022. A drill permit application was submitted for the Maria Reyna property in November 2023, and a similar application for the Caballito property is planned for the first half of 2024. Ground activities and field evidence confirms that both Caballito and Maria Reyna host sulfide and oxide rich copper mineralization in skarns, hydrothermal breccias and large porphyry intrusive bodies.

100% of the payable silver and 50% of the payable gold at Constancia is subject to a precious metals stream agreement with Wheaton Precious Metals ("**Wheaton**"). We receive cash payments equal to the lesser of (i) the market price and (ii) $400 per ounce (for gold) and $5.90 per ounce (for silver), subject to one percent annual escalation, which started in 2019. Gold recovery for purposes of calculating payable gold was originally fixed at 55% for gold mined from Constancia and 70% for gold mined from Pampacancha. On May 10, 2021, an amendment to the Constancia streaming agreement was signed with Wheaton. As part of this amendment, Hudbay agreed to increase the fixed gold recoveries that apply to Constancia ore production from 55% to 70% during the reserve life of Pampacancha, which matches the fixed rate of recovery that applies to Pampacancha production.

In 2024, the Company increased mineral reserve estimates at Constancia to include the addition of a tenth mining phase in the Constancia pit after conducting positive geotechnical drilling and studies in 2023. This extended the expected mine life at Constancia by three years to 2041.

On March 29, 2021, we filed a technical report titled "NI 43-101 Technical Report, Constancia Mine, Cuzco, Peru", effective as of January 1, 2021, prepared by Olivier Tavchandjian (our Senior Vice President, Exploration and Technical Services) (the "**Constancia Technical Report**"), a copy of which is available under our profile on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. For additional details on our Constancia mine, refer to Schedule B of this AIF.

Mineral Reserves and Resources

The following table sets forth our estimates of the mineral reserves at the Constancia and Pampacancha mines.

Constancia and Pampacancha Mineral Reserve Estimates - January 1, 2024 [1][2][3]					
	Tonnes	**Cu (%)**	**Mo (g/t)**	**Au (g/t)**	**Ag (g/t)**
Constancia					
Proven	465,600,000	0.260	78	0.038	2.63
Probable	61,600,000	0.212	64	0.034	2.24
Total Proven and Probable	**527,200,000**	**0.254**	**76**	**0.037**	**2.59**
Pampacancha					
Proven	20,000,000	0.542	128	0.330	5.44
Probable	500,000	0.157	295	0.111	1.98
Total Proven and Probable	**20,500,000**	**0.533**	**132**	**0.324**	**5.36**
Total Mineral Reserve	**547,700,000**	**0.265**	**78**	**0.048**	**2.69**

Notes:

1. Totals may not add up correctly due to rounding.
2. Long term metal prices of $4.00 per pound copper, $12.00 per pound molybdenum, $1,700 per ounce gold and $23.00 per ounce silver were used to confirm the economic viability of the mineral reserve estimates.
3. Mineral reserves are estimated using a minimum NSR cut-off of $6.40 per tonne at Pampacancha, $7.30 per tonne at Constancia and assuming metallurgical recoveries (applied by ore type) of 86% for copper on average for the life of mine.

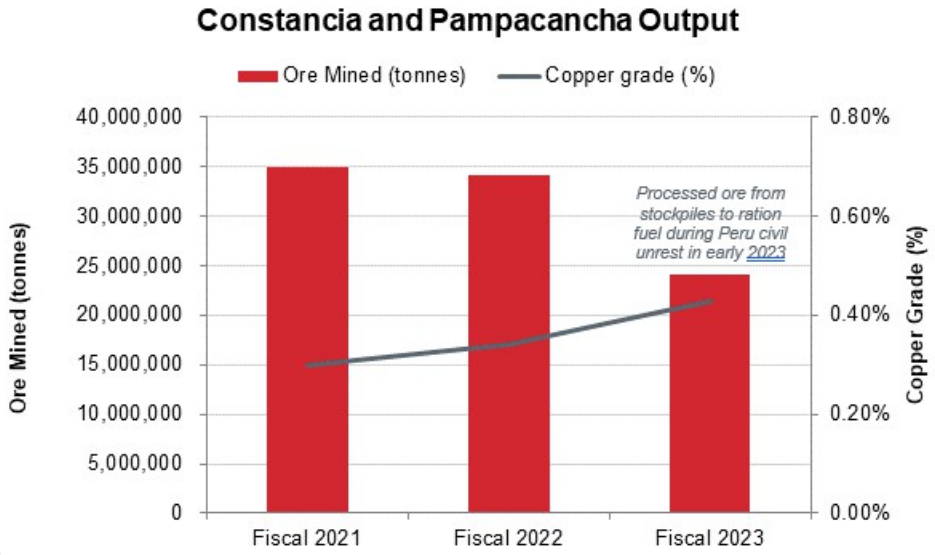
The following table sets forth our estimates of the mineral resources (exclusive of mineral reserves) at the Constancia and Pampacancha mines.

Constancia and Pampacancha Mineral Resource Estimates (Exclusive of Mineral Reserves) - January 1, 2024 [1][2][3][4][5]					
	Tonnes	**Cu (%)**	**Mo (g/t)**	**Au (g/t)**	**Ag (g/t)**
Constancia					
Measured	78,400,000	0.213	74	0.039	2.20
Indicated	93,100,000	0.224	90	0.040	1.98
Inferred - open pit	29,700,000	0.233	68	0.056	2.58
Inferred - underground	6,500,000	1.200	69	0.140	8.62
Pampacancha					
Inferred	700,000	0.149	65	0.098	2.71
Total Measured + Indicated	**171,500,000**	**0.219**	**83**	**0.039**	**2.08**
Total Inferred	**36,900,000**	**0.402**	**68**	**0.072**	**3.65**

Notes:

1. Totals may not add up correctly due to rounding.
2. Mineral resources are exclusive of mineral reserves and do not have demonstrated economic viability.
3. Mineral resource estimates are based on resource pit design and do not include factors for mining recovery or dilution.
4. The open pit mineral resources are estimated using a minimum NSR cut-off of $6.40 per tonne and assuming metallurgical recoveries (applied by ore type) of 86% for copper on average for the life of mine, while the underground inferred resources at Constancia Norte are based on a 0.65% copper cut-off grade.
5. Long term metal prices of $4.00 per pound copper, $12.00 per pound molybdenum, $1,700 per ounce gold, and $23.00 per ounce silver were used to estimate mineral resources.

The following chart shows Constancia production (tonnes and grade) for the last three years, which includes both the Constancia and Pampacancha mines:



Notes:

1. The Pampacancha deposit achieved commercial production in April 2021 and so Fiscal 2021 production only includes Constancia for the portion of the year Pampacancha was not yet in production.
2. Production in 2023 decreased approximately 30% compared to production in 2022. The decrease was in line with our mine plan and mill feed continued to be supplemented with ore from stockpiles during the quarter. The increased usage of stockpile processing early in 2023 was in part to ration fuel during the protests and civil unrest experienced in Peru at the beginning of 2023.

Lalor

Our 100% owned Lalor mine is a gold, zinc and copper mine near the town of Snow Lake in the province of Manitoba. The Lalor mine achieved commercial production in 2014 and the production rate has steadily ramped-up since that time.

On March 29, 2021, we released an updated mine plan for Snow Lake that increased annual gold production to over 180,000 ounces during the first six years of New Britannia's operation at a cash cost and sustaining cash cost, net of by-product credits, of $412 and $788 per ounce of gold, respectively. This enhanced mine plan incorporated the results from several optimization initiatives, including: increasing the production rate at Lalor, increasing the throughput rate at the Stall mill; incorporating mineral reserves from the 1901 deposit into the mine plan, and implementing a recovery improvement project at the Stall mill to increase copper and precious metal recoveries.

Refurbishment and commissioning activities at the New Britannia gold mill were completed in July 2021 and the construction of the new copper flotation facility at New Britannia was completed in October 2021, ahead of the original schedule. The copper facility consists of an innovative and first-of-its-kind flotation circuit based entirely on Jameson cells, a modern pneumatic flotation design that offers a compact layout, low-cost process and flexible flowsheet. Following a brief commissioning period, the New Britannia mill achieved commercial production on November 30, 2021. The New Britannia mill consistently achieved its nameplate capacity of 1,500 tonnes per day throughout 2022 and achieved record throughput levels averaging 1,650 tonnes per day in 2023, with the opportunity to further exceed those levels in the future through ongoing process improvement initiatives.

The commissioning of the Stall mill recovery improvement project was completed in the second quarter of 2023, and subsequent optimization activities proved highly effective, resulting in notably higher recoveries for copper above 90% and gold above 65% in the second half of 2023. Specifically, the Stall mill achieved its targeted gold recovery levels of 67.5% in the third and fourth quarters, compared to 60% in the second quarter.

The strategy of the life of mine plan at Lalor has been adjusted in 2023 to prioritize cash flow generation over maximizing mine's production. This was achieved through successful conversion of high value mineral resource to mineral reserve estimates, reduction of low-grade dilution in stopes through improved grade control practices and reduction of operating and capitalized mine development. In 2023, Manitoba had a strong year of production with a record 187,363 ounces of gold produced as a result of higher gold and copper grade zones being mined at Lalor and the New Britannia mill processing significantly higher amounts of gold ore. Hudbay continues to focus on improvement initiatives aimed at supporting higher production levels, minimizing dilution and enhancing metal recoveries at the Snow Lake operations.

There are several opportunities to enhance the Snow Lake operations through exploration upside and mill processing projects. The planned 2024 exploration program is Hudbay's largest program in Snow Lake in our history and it is currently underway with plans to continue testing the deep extensions of the gold and copper zones at Lalor and complete follow up drilling at the Lalor Northwest target. The 2024 program will also explore the newly acquired Cook Lake claims and the former Rockcliff claims located within trucking distance of the existing Snow Lake processing infrastructure. Hudbay is exploring its newly expanded land package in hopes of finding a new anchor deposit to maximize and extend the life of the Snow Lake operations beyond 2038. Additionally, the Lalor mine continues to advance several key initiatives to increase efficiency and support higher production levels, including building long-hole inventory, improving stope muck fragmentation and optimizing the development drift size. The Company is also focused on maximizing production from the shaft to enable more ore to be hoisted to surface while eliminating inefficient trucking of ore via the ramp, which is expected to lower operating costs and greenhouse gas emissions.

On March 29, 2021, we filed an updated NI 43-101 technical report titled "NI 43-101 Technical Report, Lalor and Snow Lake Operations, Manitoba, Canada", effective as of January 1, 2021, prepared by Olivier Tavchandjian (our Senior Vice President, Exploration and Technical Services) (the "**Lalor Technical Report**"), a copy of which is available under our profile on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. For additional details on our Lalor mine, refer to Schedule B of this AIF.

Mineral Reserves and Resources

The following table sets forth our estimates of the mineral reserves at the Lalor mine and 1901 deposit.

Lalor and 1901 Mineral Reserve Estimates - January 1, 2024 [1][2][3][4][5]							
			Tonnes	**Au (g/t)**	**Zn (%)**	**Cu (%)**	**Ag (g/t)**
Gold	*Proven*	Lalor	3,263,000	5.5	0.73	0.59	29.6
		1901	102,000	2.8	1.33	1.00	19.2
		Subtotal	**3,365,000**	**5.4**	**0.75**	**0.60**	**29.2**
	Probable	Lalor	3,678,000	4.5	0.37	1.22	22.1
		1901	52,000	1.7	0.44	1.88	5.4
		Subtotal	**3,731,000**	**4.5**	**0.37**	**1.23**	**21.8**
	Proven and Probable	Lalor	6,941,000	5.0	0.54	0.92	25.6
		1901	154,000	2.5	1.03	1.30	14.5
		Subtotal	**7,096,000**	**4.9**	**0.55**	**0.93**	**25.4**
Base Metal	*Proven*	Lalor	4,406,000	2.8	5.17	0.41	30.2
		1901	1,154,000	2.3	8.31	0.31	25.4
		Subtotal	**5,561,000**	**2.7**	**5.82**	**0.39**	**29.2**
	Probable	Lalor	649,000	1.9	4.63	0.35	35.1
		1901	264,000	0.8	11.45	0.31	28.1
		Subtotal	**913,000**	**1.6**	**6.60**	**0.34**	**33.1**
	Proven and Probable	Lalor	5,055,000	2.7	5.10	0.40	30.8
		1901	1,418,000	2.0	8.89	0.31	25.9
		Subtotal	**6,474,000**	**2.5**	**5.93**	**0.38**	**29.7**
Gold and Base Metal	*Proven and Probable*	Lalor	11,997,000	4.0	2.46	0.70	27.8
		1901	1,573,000	2.1	8.12	0.40	24.8
		Total	**13,570,000**	**3.8**	**3.12**	**0.67**	**27.4**

Notes:

1. Totals may not add up correctly due to rounding.
2. Long-term metal prices of $1,700 per ounce gold, $1.25 per pound zinc, $4.00 per pound copper and $23.00 per ounce silver with an exchange rate of 1.33 C$/US$ were used to confirm the economic viability of the mineral reserve estimates.
3. Lalor mineral reserves are estimated using NSR cut-off ranging from C$146 to C$173 per tonne, assuming a long hole mining method and depending on the mill destination.
4. Individual stope gold grades at Lalor were capped at 10 grams per tonne. This capping method resulted in an approximate 3% reduction in the overall gold reserve grade at Lalor.
5. 1901 mineral reserves are estimated using a minimum NSR cut-off of C$166 per tonne.

The following table sets forth our estimates of the mineral resources (exclusive of mineral reserves) at the Lalor mine and 1901 deposit.

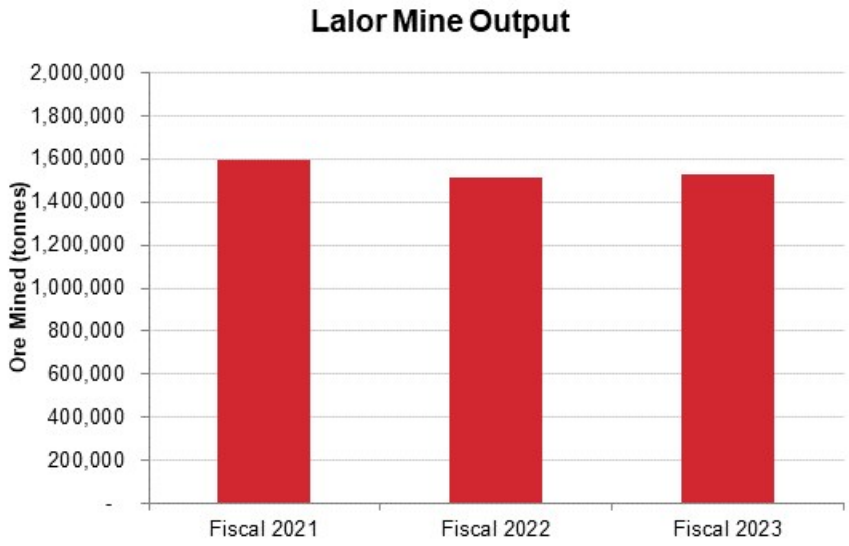
Lalor and 1901 Mineral Resource Estimates (Exclusive of Mineral Reserves) - January 1, 2024 [1][2][3][4][5][6][7]							
			Tonnes	**Au (g/t)**	**Zn (%)**	**Cu (%)**	**Ag (g/t)**
Gold	*Inferred*	Lalor	2,979,000	4.3	0.24	1.68	25.7
		1901	1,605,000	5.4	0.30	0.84	16.5
		Subtotal	**4,584,000**	**4.7**	**0.26**	**1.39**	**22.5**
Base Metal	*Inferred*	Lalor	710,000	1.7	5.34	0.38	31.6
		1901	334,000	1.6	5.58	0.22	30.9
		Subtotal	**1,044,000**	**1.7**	**5.42**	**0.33**	**31.4**
Gold and Base Metal	*Inferred*	Lalor	3,689,000	3.6	6.28	1.69	21.8
		1901	1,939,000	4.8	1.21	0.74	19.0
		Total	**5,628,000**	**4.0**	**4.53**	**1.36**	**20.8**

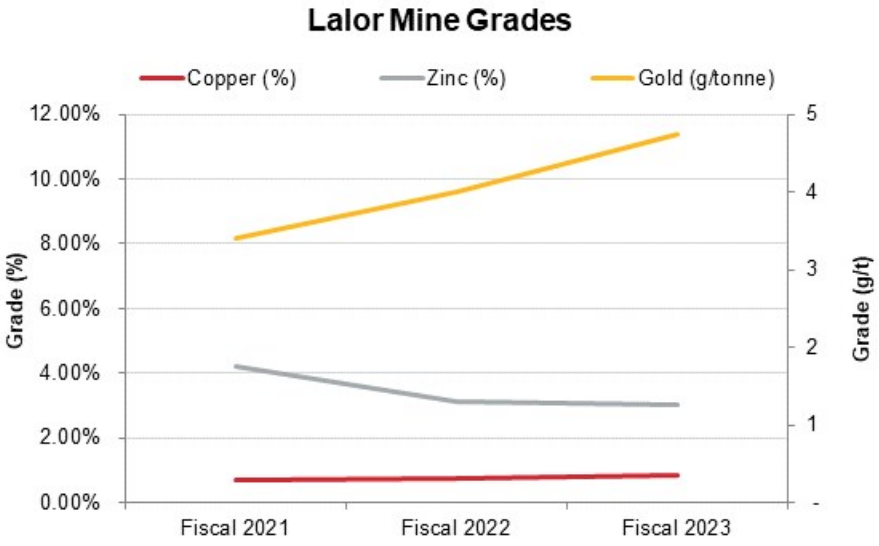
Notes:

1. Totals may not add up correctly due to rounding.
2. Mineral resources are exclusive of mineral reserves and do not have demonstrated economic viability.
3. Mineral resources do not include factors for mining recovery or dilution.
4. Base metal mineral resources are estimated based on the assumption that they would be processed at the Stall concentrator while gold mineral resources are estimated based on the assumption that they would be processed at the New Britannia concentrator.
5. Long-term metal prices of $1,900 per ounce gold, $1.25 per pound zinc, $4.00 per pound copper and $23.00 per ounce silver with an exchange rate of 1.33 C$/US$ were used to estimate mineral resources.
6. Lalor mineral resources are estimated using NSR cut-off ranging from C$146 to C$173 per tonne, assuming a long hole mining method and depending on the mill destination.
7. 1901 mineral resources are estimated using a minimum NSR cut-off of C$166 per tonne.

Production

The following charts show Lalor production (tonnes and grade) for the last three years:





Copper Mountain Mine

Our 75% owned Copper Mountain mine is an open pit copper mine in southern British Columbia, which also produces gold and silver as by-product metals. Hudbay acquired Copper Mountain as part of the CMMC Transaction and holds a 75% interest in Copper Mountain Mine (BC) Ltd., which is the legal entity that owns the Copper Mountain mine. The remaining 25% interest in Copper Mountain Mine (BC) Ltd. is held by MMC. Hudbay's operations at the Copper Mountain mine include a series of open pits, an ore processing plant, waste rock facilities, a tailings management facility, and other ancillary facilities that support the operations.

On December 5, 2023, Hudbay released its first NI 43-101 technical report in respect of the Copper Mountain mine. As detailed in the technical report, the mine plan contemplates average annual copper production of 46,500 tonnes in the first five years, 45,000 tonnes in the first ten years and 37,000 tonnes over the 21-year mine life. The updated mine plan represents an approximate 90% increase in average annual copper production and an approximate 50% decrease in cash costs over the first 10 years compared to 2022 levels.

The updated mine plan is based on a revised resource model and was constructed using the same methods applied at the Constancia, Copper World and Mason deposits. The mineral reserve estimates total 367 million tonnes at a copper grade of 0.25% and a gold grade of 0.12 grams per tonne, supporting the 21-year mine life referenced above. An additional 140 million tonnes of measured and indicated resources at 0.21% copper and 0.10 grams per tonne gold and 370 million tonnes of inferred resources at 0.25% copper and 0.13 grams per tonne gold, exclusive of mineral reserves, provide significant upside potential for reserve conversion and extending mine life.

Since completing the acquisition of Copper Mountain in June 2023, Hudbay has been focused on advancing its plans to stabilize the Copper Mountain mine over the next few years to improve reliability and drive sustainable long-term value. This includes increasing mining activities by remobilizing the idle mining fleet from 14 trucks to 28 trucks in operation at the end of 2023, accelerating stripping to access higher grades, and improving mill throughput and recoveries with a more consistent ore feed grade and several planned mill enhancement projects. The new technical report filed in December 2023 reflects Hudbay's base case stabilization plan.

On December 5, 2023, we filed a NI 43-101 technical report titled "NI 43-101 Technical Report, Updated Mineral Resources and Mineral Reserves Estimate, Copper Mountain Mine", effective as of December 1, 2023, prepared by Olivier Tavchandjian (our Senior Vice President, Exploration and Technical Services), a copy of which is available under our profile on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. For additional details on the Copper Mountain mine, refer to Schedule B of this AIF.

Mineral Reserves and Resources

The following table sets forth our estimates of the mineral reserves at the Copper Mountain mine and New Ingerbelle pit.

Copper Mountain Mine Mineral Reserve Estimates - January 1, 2024 [(1)(2)(3)(4)]

	Tonnes	Cu (%)	Au (g/t)	Ag (g/t)
Proven	195,000,000	0.27	0.12	0.8
Probable	172,000,000	0.22	0.11	0.6
Total Proven + Probable	**367,000,000**	**0.25**	**0.12**	**0.7**

Notes:

1. Totals may not add up correctly due to rounding.
2. Mineral reserves are reported using an NSR cut-off value of $5.67 per tonne that meets a minimum 0.10% Cu grade.
3. Long term metal prices of $4.00 per pound copper, $1,700 per ounce gold and $23.00 per ounce silver were used to confirm the economic viability of the mineral reserve estimates.
4. Mineral reserve estimates presented on a 100% basis. Hudbay holds a 75% interest in the Copper Mountain mine.

The following table sets forth our estimates of the mineral resources (exclusive of mineral reserves) at the Copper Mountain mine and New Ingerbelle pit.

Copper Mountain Mine Mineral Resource Estimates (Exclusive of Mineral Reserves) - January 1, 2024 [1][2][3][4][5]				
	Tonnes	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**
Measured	41,000,000	0.21	0.09	0.7
Indicated	97,000,000	0.21	0.11	0.7
Inferred	371,000,000	0.25	0.13	0.6
Total Measured + Indicated	**138,000,000**	**0.21**	**0.10**	**0.7**
Total Inferred	**371,000,000**	**0.25**	**0.13**	**0.6**

Notes:
1. Totals may not add up correctly due to rounding.
2. Mineral resource estimate tonnes and grades constrained to a Lerch Grossman revenue factor 1 pit shell.
3. Mineral resource estimates are exclusive of mineral reserves. Mineral resources are not mineral reserves as they do not have demonstrated economic viability.
4. Long term metal prices of $4.00 per pound copper, $1,650 per ounce gold and $22.00 per ounce silver were used to estimate mineral resources.
5. Mineral resource estimates presented on a 100% basis. Hudbay holds a 75% interest in the Copper Mountain mine.

Copper World

Our 100% owned Copper World project is a copper development project located in Pima County, Arizona, approximately 50 kilometres southeast of Tucson.

In September 2023, Hudbay released the Copper World PFS. The Copper World PFS reflects the results of Hudbay's further technical work on Phase I of the Copper World project. Phase I is a standalone operation requiring state and local permits only. Phase I has a mine life of 20 years, which is four years longer than the Phase I mine life that was presented in the Copper World PEA, largely due to an increase in the capacity for tailings and waste deposition as a result of optimizing the site layout. Phase II is expected to involve an expansion onto federal lands with an extended mine life and enhanced project economics. Phase II would be subject to the federal permitting process and was not included in the PFS results.

The first key state permit required for Copper World, the Mined Land Reclamation Plan, was initially approved by the Arizona State Mine Inspector in October 2021 and was subsequently amended to reflect a larger private land project footprint. This approval was challenged in state court, but the challenge was dismissed in May 2023 as having no basis. In late 2022, Hudbay submitted the applications for an Aquifer Protection Permit and an Air Quality Permit to the Arizona Department of Environmental Quality. Hudbay currently expects to receive these two outstanding state permits in 2024.

Phase I contemplates average annual copper production of 85,000 tonnes over a 20-year mine life. A variable cut-off grade strategy allows for higher mill head grades in the first ten years, which increases annual production to approximately 92,000 tonnes of copper.

Hudbay's ownership in the Copper World project is subject to a precious metals stream agreement with Wheaton Precious Metals. Under such agreement, Hudbay is entitled to receive a deposit payment of $230 million against delivery of 100% of the payable gold and silver that is produced from the Copper World project and sold to third party purchasers, assuming a fixed payable rate of 92.5%. Hudbay and Wheaton Precious Metals have commenced discussions regarding a possible restructuring of the stream agreement based upon the new mine plan and processing plant design.

As part of our disciplined approach to developing Copper World, Hudbay introduced a three prerequisites plan in November 2022, which includes specific financial leverage targets that it would need to achieve prior to making an investment decision in the project. The opportunity to sanction Copper World is not currently expected until late 2025 based on current estimated timelines and will ultimately be evaluated against other competing investment opportunities as part of Hudbay's capital allocation process. See "Three Year History - Arizona Development Strategy" for more information.

On September 8, 2023, we filed a technical report for the Copper World project (the Copper World PFS) titled "Phase I Pre-Feasibility Study and Updated Mineral Resources, Copper World Project, Pima County, Arizona, USA", dated effective as of July 1, 2023, prepared by Olivier Tavchandjian (our Senior Vice President, Exploration and Technical Services), a copy of which is available under our profile on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov. For additional details on our Copper World project, refer to Schedule B of this AIF. The Copper World PFS supersedes the Copper World PEA in its entirety.

Mineral Reserves and Resources

The following table sets forth our estimates of the mineral reserves for the Copper World project.

Copper World Mineral Reserve Estimates - January 1, 2024 [1][2][3][4]

	Tonnes	Cu (%)	CuSS (%)	Mo (g/t)	Au (g/t)	Ag (g/t)
Copper World						
Proven	319,400,000	0.54	0.11	110	0.03	5.7
Probable	65,700,000	0.52	0.14	96	0.02	4.3
Total Proven and Probable	**385,100,000**	**0.54**	**0.12**	**108**	**0.02**	**5.4**

Notes:
1. Totals may not add up correctly due to rounding.
2. Long term metal prices of $4.00 per pound copper, $12.00 per pound molybdenum, $1,700 per ounce gold and $23.00 per ounce silver were used to confirm the economic viability of the mineral reserve estimates.
3. Mineral Reserve estimates are limited to the portion of the measured and indicated resource estimates scheduled for milling and included in the financial model of the Copper World PFS.
4. Estimate of the mineral reserve does not account for marginal amounts of historical small-scale operations in the area that occurred between 1870 and 1970 and is estimated to have extracted approximately 200,000 tonnes, which is within rounding approximations of the current reserve estimates.

Copper World Mineral Resource Estimates (Exclusive of Mineral Reserves) - January 1, 2024 [1][2][3][4][5]

	Tonnes	Cu (%)	CuSS (%)	Mo (g/t)	Au (g/t)	Ag (g/t)
Copper World - Flotation						
Measured	424,000,000	0.39	0.04	150	0.02	4.1
Indicated	191,000,000	0.36	0.06	125	0.02	3.5
Inferred	192,000,000	0.35	0.07	117	0.01	3.1
Copper World - Leach						
Measured	159,000,000	0.28	0.20	n/a	n/a	n/a
Indicated	70,000,000	0.26	0.20	n/a	n/a	n/a
Inferred	83,000,000	0.26	0.19	n/a	n/a	n/a
Total Measured + Indicated	**844,000,000**	**0.35**	**0.09**	**104**	**0.01**	**2.9**
Total Inferred	**275,000,000**	**0.32**	**0.11**	**82**	**0.01**	**2.2**

Notes:
1. Totals may not add up correctly due to rounding.
2. Mineral resource estimates are exclusive of mineral reserves. CIM definitions were followed for the estimation of mineral resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Mineral resources are constrained within a computer-generated pit using the Lerchs-Grossman algorithm.
4. Long-term metals prices of $3.75 per pound copper, $12.00 per pound molybdenum, $1,650 per ounce gold and $22.00 per ounce silver were used to estimate mineral resources.
5. Mineral resource estimates were reported using a 0.1% copper cut-off grade and an oxidation ratio lower than 50% for flotation material and a 0.1% soluble copper cut-off grade and an oxidation ratio higher than 50% for leach material.

OTHER ASSETS

Mason Project

The Mason project is a large greenfield copper deposit located in the historic Yerington District of Nevada and is one of the largest undeveloped copper porphyry deposits in North America. The Mason project's measured and indicated mineral resources are comparable in size to Constancia. We view the Mason project as a long-term future development asset as part of our pipeline of high-quality copper growth opportunities.

Since acquiring Mason, Hudbay has consolidated a prospective package of patented and unpatented mining claims contiguous to the Mason project and has advanced a number of technical studies, including a revised resource model and the completion of a preliminary economic assessment (the "**Mason PEA**").

The Mason PEA was completed in April 2021 and contemplates a 27-year mine life with average annual copper production of approximately 140,000 tonnes over the first ten years of full production. At a copper price of $3.50 per pound, the after-tax net present value using a 10% discount rate is $1,191 million and the internal rate of return is approximately 18%. The Mason PEA is preliminary in nature, includes inferred resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty the preliminary economic assessment will be realized.

Since 2021, the Company completed a geophysical program and additional drilling at Mason, while continuing to focus on local stakeholder engagement. For the first time since Hudbay acquired the Mason project, Hudbay initiated a drill program in September 2023 to test the satellite deposits which confirmed the occurrence of high-grade skarn mineralization near the historical mines potentially amenable to open pit mining but of limited spatial extent. Hudbay is currently compiling and analyzing the results from the 2023 drilling. Additional metallurgical studies are underway with the objective of further enhancing the project economics.

The following table sets forth the estimates of the mineral resources at the Mason project.

Mason Project Resource Estimates - January 1, 2024 [1][2][3][4][5][6]					
	Tonnes	**Cu (%)**	**Mo (g/t)**	**Au (g/t)**	**Ag (g/t)**
Measured	1,417,000,000	0.29	59	0.031	0.66
Indicated	801,000,000	0.30	80	0.025	0.57
Total Measured & Indicated	**2,219,000,000**	**0.29**	**67**	**0.029**	**0.63**
Total Inferred	**237,000,000**	**0.24**	**78**	**0.033**	**0.73**

Notes:
1. Totals may not add up correctly due to rounding.
2. Mineral resource estimates that are not mineral reserves do not have demonstrated economic viability.
3. Mineral resource estimates do not include factors for mining recovery or dilution.
4. Metal prices of $3.10 per pound copper, $11.00 per pound molybdenum, $1,500 per ounce gold, and $18.00 per ounce silver were used to estimate mineral resources.
5. Mineral resources are estimated using a minimum NSR cut-off of $6.25 per tonne.
6. Mineral resources are based on resource pit designs containing measured, indicated, and inferred mineral resources.

Llaguen Project

The Llaguen project is 100% owned by Hudbay and is located near the city of Trujillo, the third largest city in Peru. The Llaguen property is at moderate altitude and in close proximity to existing infrastructure, water and power supply, including the port of Salaverry located 62 kilometres away and the Trujillo Nueva electric substation located 40 kilometres away.

The Llaguen copper-molybdenum porphyry deposit is located on the western margin of the Miocene epithermal-porphyry copper-gold belt of northern Peru. Hudbay optioned the Llaguen property from a Vale subsidiary in 2017 and has since completed an exploration agreement with the local community, conducted additional geological mapping and geochemical sampling, and completed a 28-hole confirmatory drill program during 2021 and 2022.

Hudbay's tenement comprises 12 mining concessions totaling 8,900 hectares and the mineralization is fully contained within these 100%-controlled tenements. There are no Indigenous communities in the area, and therefore, community agreements are not subject to Peru's Consulta Previa (prior consultation) process.

After completing an initial mineral resource estimate in November 2022, Hudbay initiated preliminary technical studies at Llaguen, including metallurgical test work as well as geotechnical and hydrogeological studies, which are expected to be incorporated into a preliminary economic assessment for the Llaguen project. Additional exploration drilling is warranted on the Llaguen property to test the areas of the deposit that remain open and the several untested geophysical targets in the area to fully define the regional extent of the mineralization. The current mineral resource estimate is also surrounded by a large halo of low grade hypogene copper mineralization, not currently included in the mineral resource estimate, but for which metallurgical test work could assess the potential for sulfide heap leaching via commercially available technologies.

The following table sets forth the estimates of the mineral resources at the Llaguen project.

Llaguen Mineral Resource Estimates - January 1, 2024 [1][2][3][4][5][6][7]						
	Tonnes	**Cu (%)**	**Mo (g/t)**	**Au (g/t)**	**Ag (g/t)**	**CuEq (%)**
Indicated Global (>= 0.14% Cu)	**271,000,000**	**0.33**	**218**	**0.033**	**2.04**	**0.42**
Including Indicated High-grade (>= 0.30% Cu)	113,000,000	0.49	261	0.046	2.73	0.60
Inferred Global (>= 0.14% Cu)	**83,000,000**	**0.24**	**127**	**0.024**	**1.47**	**0.30**
Including Inferred High-grade (>= 0.30% Cu)	16,000,000	0.45	141	0.038	2.60	0.52

Notes:
1. Totals may not add up correctly due to rounding.
2. CIM definitions were followed for the estimation of mineral resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Mineral resources are reported within an economic envelope defined by a pit shell optimization algorithm. This pit shell is defined by a revenue factor of 0.33 assuming operating costs adjusted from Hudbay's Constancia open pit operation.
4. Long-term metal prices of $3.60 per pound copper, $11.00 per pound molybdenum, $1,650 per ounce gold and $22.00 per ounce silver were used for the estimation of mineral resources.
5. Metal recovery estimates assume that this mineralization would be processed at a combination of facilities, including copper and molybdenum flotation.
6. Copper-equivalent ("CuEq") grade is calculated assuming 85% copper recovery, 80% molybdenum recovery, 60% gold recovery and 60% silver recovery.
7. Specific gravity measurements were estimated by industry standard laboratory measurements.

Snow Lake Regional Deposits

The mineral reserve and mineral resource estimates at Hudbay's satellite deposits in the Snow Lake region, including the copper-gold WIM deposit, the gold-rich 3 Zone and the zinc-rich Watts, Pen II and Talbot deposits, have the potential to provide future feed for the Stall and New Britannia processing facilities and further extend the life of the Snow Lake operations. Hudbay is also preparing plans for exploration activities on the newly acquired land in Snow Lake, which is expected to include geophysical and drilling programs on the Cook Lake claims and the former Rockcliff claims located within trucking distance of the existing Snow Lake processing infrastructure. A majority of the Cook Lake and former Rockcliff claims have been untested by modern deep geophysics, which was the discovery method for the Lalor deposit.

The following table sets forth our estimates of the mineral reserves and resources at the Snow Lake regional deposits (excluding Lalor and 1901).

Snow Lake Regional Gold Deposits Mineral Reserve Estimates - January 1, 2024 [1][2][3][4]							
			Tonnes	Au (g/t)	Zn (%)	Cu (%)	Ag (g/t)
Gold	*Probable*	WIM	2,450,000	1.6	0.25	1.63	6.3
		3 Zone	660,000	4.2	-	-	-
		Subtotal	3,110,000	2.2	0.20	1.28	5.0

Notes:
1. Totals may not add up correctly due to rounding.
2. Long-term metal prices of $1,700 per ounce gold, $1.25 per pound zinc, $4.00 per pound copper and $23.00 per ounce silver with an exchange rate of 1.33 C$/US$ were used to confirm the economic viability of the mineral reserve estimates.
3. WIM mineral reserves assume processing recoveries of 98% for copper, 88% for gold, and 70% for silver based on processing through New Britannia's flotation and tails leach circuits.
4. 3 Zone mineral reserves assume processing recoveries of 85% for gold based on processing through New Britannia's leach circuit.

Snow Lake Gold Mineral Resource Estimates (Exclusive of Mineral Reserves) - January 1, 2024 [1][2][3][4][5]							
			Tonnes	Au (g/t)	Zn (%)	Cu (%)	Ag (g/t)
Gold	*Inferred*	New Britannia	2,750,000	4.5	-	-	-
		Birch	570,000	4.4	-	-	-
		Subtotal	**3,320,000**	**4.5**	**-**	**-**	**-**

Notes:
1. Totals may not add up correctly due to rounding.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Mineral resources do not include factors for mining recovery or dilution.
4. Gold mineral resources are estimated based on the assumption that they would be processed at the New Britannia concentrator.
5. New Britannia mineral resource estimates have been reported at a minimum true width of 1.5 metres and with a cut-off grade varying from 2 grams per tonne (at the lower part of New Britannia) to 3.5 grams per tonne (at the upper part of New Britannia).

Snow Lake Base Metal Mineral Resource Estimates (Exclusive of Mineral Reserves) - January 1, 2024 [1][2][3][4][5][6][7][8]							
			Tonnes	Au (g/t)	Zn (%)	Cu (%)	Ag (g/t)
Base Metal	*Indicated*	PEN II	470,000	0.3	8.89	0.49	6.8
		Talbot	2,190,000	2.1	1.79	2.33	36.0
		Subtotal	**2,660,000**	**1.8**	**3.04**	**2.01**	**30.9**
	Inferred	Watts	3,150,000	1.0	2.58	2.34	31.0
		PEN II	130,000	0.3	9.81	0.37	6.8
		Talbot	2,450,000	1.9	1.74	1.13	25.8
		Subtotal	**5,730,000**	**1.3**	**2.39**	**1.78**	**28.3**

Notes:
1. Totals may not add up correctly due to rounding.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Mineral resources do not include factors for mining recovery or dilution.
4. Base metal mineral resources are estimated based on the assumption that they would be processed at the Stall concentrator.
5. Watts and Pen II mineral resources were initially estimated using metal price assumptions that vary marginally over the assumptions used to estimate mineral resources at Lalor. In the Qualified Person's opinion, the combined impact of these small variations does not have any impact on the mineral resource estimates
6. Watts mineral resources are estimated using a minimum NSR cut-off of C$150 per tonne, assuming processing recoveries of 90% for copper, 80% for zinc, 70% for gold and 70% for silver.
7. Pen II mineral resources are estimated using a minimum NSR cut-off of C$75 per tonne.
8. The above resource estimates table includes 100% of the Talbot mineral resources reported by Rockcliff Metals Corp. in its 2020 NI 43-101 technical report published on SEDAR+.

Processing Facilities

Peru

Our processing plant at Constancia has a nominal throughput capacity of 90,000 dry metric tonnes per day at 94% plant mechanical availability. We have improved the performance of the plant over time through technology and process improvements and plan to continue to implement such initiatives. The principal product of the concentrator is copper concentrate, although it also produces molybdenum concentrate. The primary crusher, belt conveyors, thickeners, tanks, flotation cells, mills and various other types of equipment are designed and constructed to be open to the environment. The concentrate filtration and storage building is enclosed. The tailings are pumped to the tailings management facility for storage and water is returned via parallel piping to the process plant for reuse.

Manitoba

The refurbishment of the New Britannia mill, including the addition of a new copper flotation circuit, was completed in October 2021.The New Britannia mill produces gold/silver doré and copper concentrates and achieved commercial production on November 30, 2021, after reaching the required recoveries and production output in the copper and gold circuits. The final tailings from the New Britannia mill are pumped to the Stall mill via a 6.8 kilometre pipeline and are then either pumped to the Lalor paste plant or diverted to the Anderson tailings impoundment area. The New Britannia mill consistently achieved its nameplate capacity of 1,500 tonnes per day throughout 2022 and achieved record throughput levels averaging 1,650 tonnes per day in 2023, with the opportunity to further exceed those levels in the future through ongoing process improvement initiatives.

Our Stall concentrator in Snow Lake was re-started in 2009 and a new copper recovery circuit was installed in the third quarter of 2012 to facilitate processing of Lalor ore. In 2014, we refurbished equipment and facilities at the Stall concentrator. The Stall mill has a throughput capacity of approximately 3,800 tonnes per day. Since the Flin Flon zinc plant closed in mid-2022, the zinc concentrate production from the Stall mill has been sold to third party customers. The majority of the tailings produced from the Stall mill are pumped to the Lalor paste plant, where it is dewatered, mixed with cement and sent underground as pastefill. If pastefill is not required, the tailings are diverted to the Anderson tailings impoundment area. In 2020, Hudbay completed a feasibility study and a test program exploring various technological upgrades to the flowsheet at the Stall mill to improve recoveries. After the commissioning of these upgrades in the second quarter of 2023, subsequent optimization activities proved highly effective, resulting in notably higher recoveries for copper above 90% and gold above 65%.

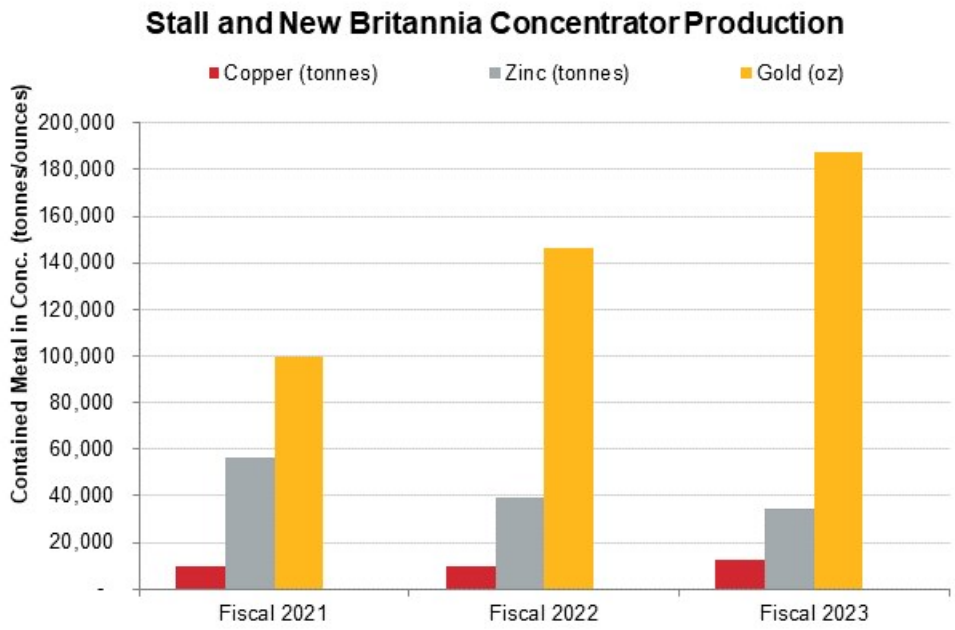
In 2023, the New Britannia mill and Stall mill collectively processed 1,562,479 tonnes of ore (1,510,907 in 2022).

British Columbia

The processing facility at the Copper Mountain mine includes the primary crusher and conveyor system as well as a semi-autogenous mill. The processing facility has a current throughput capacity of 45,000 tonnes per day. Maintenance practices to improve mill availability continue to be a key pillar of Hudbay's stabilization initiatives. These include the implementation of improved maintenance management processes planned for the first half of 2024 and a change in the maintenance organizational structure which was completed in the fourth quarter of 2023. Beyond maintenance practices, material handling and transportation in the comminution circuit, particularly in the winter months, have a significant impact on mill performance. Work has begun to analyze the trade-off among the various alternatives to further enhance mill performance, including the projects required to increase throughput capacity to 50,000 tonnes per day through minor capital upgrades. In 2023 (for the period post-completion of the CMMC Transaction), the mill at the Copper Mountain mine processed approximately 6.86 million tonnes of ore.

Production

The following comparative charts show production of contained metal in concentrate (tonnes/ounces) for our Peru and Manitoba concentrators for the last three years. A substantially similar comparative chart showing production at the British Columbia processing facility will be included in the future, but no such chart has been included in this AIF as the CMMC Transaction closed midway through 2023 and there are no comparative periods of information.



Note:

1. The New Britannia mill achieved commercial production on November 30, 2021 and, as such, Fiscal 2021 includes only Stall concentrator production for a portion of that year.
2. The gold ounces displayed in the table above include production of gold doré. In the year ended December 31, 2021, we produced 9,002 oz of gold doré. In the year ended December 31, 2022, we produced 28,707 oz of gold doré. In the year ended December 31, 2023, we produced 40,239 oz of gold doré.

Tailings Management Facilities

We have five tailings structures and facilities, three (including two inactive) in Manitoba, one at the Copper Mountain mine in British Columbia and one at the Constancia mine in Peru. The FFTIA is the only one with partial construction using the upstream construction design method. More recent dam expansions at the FFTIA have been constructed using the downstream method. Our Anderson tailings management facility in Snow Lake uses subaqueous deposition of tailings (and we have submitted a permit application to transition to subaerial deposition to improve operating efficiency). In order to accommodate ongoing production from our Lalor mine, in 2022, we raised the dam around Anderson using the downstream method. Our Constancia tailings facility was constructed utilizing a downstream method which created a solid rockfill platform foundation. This foundation supports ongoing centerline construction which will continue until the end of the operating life of the structure.

We established an Independent Technical Review Board (" **ITRB**") for our Constancia tailings facility in 2012 and extended this to our Manitoba Business Unit's facilities in 2017 and our British Columbia Business Unit in 2023. In 2018, we developed a Tailings Governance Charter to further strengthen our internal governance processes related to tailings management. The charter details existing controls, including a Tailings Management System at the site or business unit that supports day-to-day activities such as planning, monitoring, risk identification and reporting. We conduct independent external reviews, which may include Engineer of Record inspections, ITRB reports and compliance audits.

We require our business units to maintain a level A or higher rating for the protocol. In the latest Mining Association of Canada's Towards Sustainable Mining ("**TSM**") program, our Manitoba and South America Business Units received level "A" ratings across all five indicators and our British Columbia Business Unit received level "AA" ratings for all indicators. Manitoba and Peru's ratings decreased from previous assessments due to an amendment to the protocol requiring an external audit. Both the Business Units expect to revisit the protocols in 2024. In addition to maintaining a minimum of an "A" rating on all five TSM tailings indicators, we also ensure tailings facilities are constructed following the Canadian Dam Safety Guidelines. We believe following these well-established standards provides effective equivalence to the recently introduced Global Tailings Standard.

At our Manitoba Business Unit, where some of our tailings storage facilities were built 80 years ago, we have worked with our engineer of record, with input from our ITRB, to identify opportunities to proactively upgrade facilities to increase the factor of safety of the structures, particularly in areas previously constructed using the upstream method. After completing three years of significant investment, in 2023, we spent approximately $654,000 to complete planned improvements at Anderson (approximately $18 million in 2022) and approximately $1.35 million to complete planned improvements at the FFTIA (approximately $20 million in 2022), and continued to increase the safety factor of each of these tailings facilities.

Tailings Reprocessing

During 2023, we continued to evaluate the economic feasibility of reprocessing the tailings in the FFTIA, which holds more than 100 million tonnes of tailings that have been deposited over approximately 90 years. Recent drilling programs indicate high zinc, copper, and silver grades.

We also advanced metallurgical test work and evaluated metallurgical technologies, including the signing of a test work co-operation agreement with Cobalt Blue Holdings ("**COB**") examining the use of COB technology to treat Flin Flon tailings. Initial results from preliminary test work were encouraging in converting more than 90% of pyrite into pyrrhotite and elemental sulphur. Final test work results will support the development of an overall flowsheet. Hudbay expects to continue these metallurgical activities throughout 2024 as it assesses the economic viability of the various metallurgical technologies. Included in our evaluation to move forward with the reprocessing opportunity is the possibility to more efficiently manage the environmental risks associated with the existing tailings in the FFTIA and simplify the closure process.

Additionally, the Anderson tailings impoundment area at our Snow Lake operation also contains significant amounts of gold deposited over many years. Given our enhanced gold processing capacity in Snow Lake, we intend to conduct a similar evaluation of reprocessing the Anderson tailings.

Exploration

As of the date of this AIF, Hudbay has an exploration portfolio of owned or optioned mineral properties which consists of approximately 790,000 hectares across Canada, Peru, the United States and Chile. Exploration expenditures are expected to increase in 2024 as Hudbay looks to execute a large exploration program in Manitoba, which is being partially funded by the proceeds from the Flow-Through Offering (as defined below) and the Marubeni Option Agreement. Total exploration expenditures are expected to increase to $43 million in 2024, a 35% increase from 2023 spending, primarily due to the extensive drilling program underway in the Snow Lake region, as further described below.

In December 2023, Hudbay successfully completed a critical minerals premium flow-through private placement financing transaction for aggregate gross proceeds of approximately C$20 million (the "**Flow-Through Offering**"). Pursuant to the Flow-Through Offering, Hudbay issued 1,310,000 exploration flow-through common shares ("**CEE Shares**") at a subscription price of C$11.50 per CEE Share and 650,000 development flow-through common shares ("**CDE Shares**") at a subscription price of C$7.71 per CDE Share. Hudbay expects to use the proceeds from the CEE Shares to fund certain exploration activities and related initiatives in Manitoba. Hudbay expects to use the proceeds from the CDE Shares to fund the development of infrastructure to be utilized by the Company for optimization and mining activities in Manitoba.

Peru

Hudbay controls a large, contiguous block of mineral rights with the potential to host mineral deposits within trucking distance of the Constancia processing facility, including the past producing Caballito property and the highly prospective Maria Reyna property. We commenced early exploration activities at the Maria Reyna and Caballito properties after completing a surface rights exploration agreement with the community of Uchucarcco in August 2022. A drill permit application was submitted for the Maria Reyna property in November 2023, and a similar application for the Caballito property is planned for the first half of 2024. In parallel, Hudbay continues to advance community engagement activities. Surface mapping and geochemical sampling confirm that both Caballito and Maria Reyna host sulfide and oxide rich copper mineralization in skarns, hydrothermal breccias and large porphyry intrusive bodies.

Manitoba

In Manitoba, Hudbay continues to conduct drilling activities in the Snow Lake area and infill drilling at the Lalor mine.

Hudbay's 2024 exploration program in Manitoba is currently underway with plans to continue testing the deep extensions of the gold and copper zones at Lalor and complete follow up drilling at the Lalor Northwest target. Hudbay's 2024 exploration program will also explore the newly acquired Cook Lake claims and the former Rockcliff claims located within trucking distance of Hudbay's existing Snow Lake processing infrastructure. Both the Cook Lake and former Rockcliff claims were acquired by the company as part of transactions completed in 2023. A majority of the Cook Lake and former Rockcliff claims have been untested by modern deep geophysics, which was the discovery method for the Lalor deposit. Hudbay's 2024 exploration program also includes a large geophysics program consisting of surface electromagnetic surveys using cutting-edge techniques that enable the team to detect targets at depths of almost 1,000 metres below surface. We are exploring our newly expanded land package in hopes of finding a new anchor deposit to maximize and extend the life of the Snow Lake operations beyond 2038.

We also expect to advance a development and exploration drift at the 1901 deposit located within 1,000 metres of the haulage ramp to Lalor. Such plans are expected to take place over 2024 and 2025 with the development of an access drift, drill platforms and diamond drilling to further confirm the optimal mining method to extract the base metal and gold lenses and to convert the inferred mineral resources in the gold lenses to mineral reserves.

Strategic Investments

As at December 31, 2023, we held minority equity positions in seven junior exploration companies (nine as at December 31, 2022), representing investments with a fair market value of approximately C$8.5 million (approximately C$13 million as at December 31, 2022), as part of our strategy to populate a pipeline of projects with the potential for exploration and development. Our early-stage opportunity pipeline consists of minority interests in junior exploration companies with projects in Canada, the United States, Ecuador and Peru. We are continuing to evaluate new projects and potential investments to add to our portfolio and will seek to dispose of investments when the underlying projects are no longer consistent with our strategy.

Cash and Cash Equivalents

Our cash and cash equivalents as of December 31, 2023 were approximately $249.8 million, and are held in low risk liquid investments and deposit accounts pursuant to our investment policy.

OTHER INFORMATION

Products and Marketing

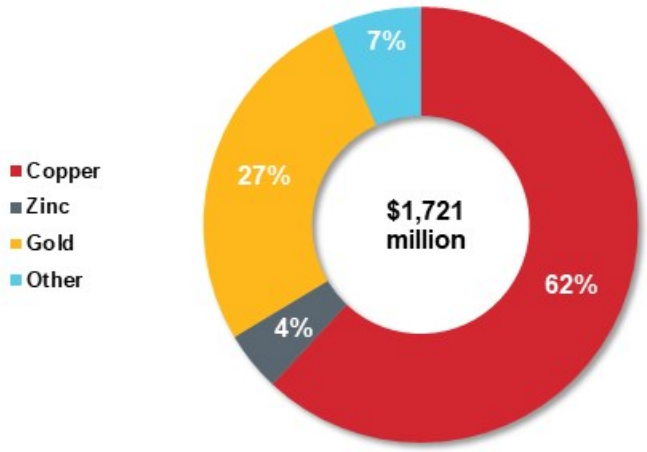
Our principal products are copper concentrate, which contains payable copper, gold and silver, zinc concentrate, gold and silver doré and molybdenum concentrate.

In 2023, we produced 131,691 tonnes of contained copper in concentrate (100,487 tonnes in Peru, 12,154 tonnes in Manitoba and 19,050 tonnes in British Columbia[1]), 310,429 ounces of gold (114,218 ounces in Peru, 187,363 ounces in Manitoba and 8,848 ounces in British Columbia), 3,575,234 ounces of silver (2,505,229 in Peru, 851,723 in Manitoba and 218,282 in British Columbia), 34,642 tonnes of contained zinc in concentrate (all produced in Manitoba), and 1,566 tonnes of contained molybdenum concentrate (all produced in Peru).

In 2023, copper sales represented approximately 62% (57% in 2022), gold sales represented approximately 27% (22% in 2022), and zinc sales represented approximately 4% (15% in 2022) of our total gross consolidated revenue (which excludes non-cash streaming arrangement items, mark-to-market adjustments on provisionally priced sales, realized and unrealized changes to fair value for non-hedge derivative contracts and adjustments to originally invoiced weights and assays).

Our 2023 revenue breakdown by commodity type is illustrated in the chart below:

2023 REVENUE BREAKDOWN



1. Revenue for the full year ended December 31, 2023. Gold and silver revenues include cash payments applicable to precious metals stream sales.
2. This number excludes treatment and refining charges.
3. Revenue from "Other" includes molybdenum and silver.

In 2023, our copper concentrate production was sold through a mix of benchmark related sales, and spot sales. Manitoba copper concentrate production was sold for delivery to a smelter in Canada, Peru copper concentrate production was primarily sold for delivery to smelters in Asia, and British Columbia copper concentrate production was sold to MMC pursuant to a concentrates sale and purchase agreement previously entered into by Copper Mountain and MMC prior to the CMMC Transaction.

Molybdenum concentrate production in 2023 was sold to customers under one-year contracts and was delivered to roasters in South America and North America.

Zinc concentrate production in 2023 was sold mainly to smelters in Europe under a multi-year agreement.

Gold/silver doré production from the New Britannia mill is sent to a refinery in Canada and the outturned precious metals are sold to Canadian financial institutions. In addition, we sell gold and silver equal to the deliverable portion of payable gold and silver produced from our Constancia mine to Wheaton Precious Metals pursuant to the terms of the precious metals stream agreement in respect of our Constancia mine.

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[1] All production results from the Copper Mountain mine in British Columbia represents the period from the June 20, 2023 acquisition date through to the end of the fourth quarter of 2023. Includes 100% of Copper Mountain mine production. Hudbay owns 75% of Copper Mountain mine.

Commodity Markets

In addition to our production volumes, our financial performance is directly affected by a number of factors, including metals prices, foreign exchange rates, and input costs, including energy prices. 2024 is expected to be an uncertain year for the copper price due to significant volatility on both supply and demand sides of the market as well as economic uncertainty related to the timing of interest rate reductions and geopolitical turmoil. For more information, please refer to our market analysis of copper, zinc and gold prices on pages 34 and 35 of our management's discussion and analysis for the year ended December 31, 2023, a copy of which has been filed on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

Specialized Skill and Knowledge

The success of our operations depends in part on our ability to attract and retain geologists, engineers, metallurgists and other personnel with specialized skill and knowledge about the mining and mineral processing industries in the geographic areas in which we operate. For additional information, see "Risk Factors - Recruitment, Retention and Labour Relations".

Competitive Conditions

The mining industry is intensely competitive and we compete with many companies in the search for and acquisition of attractive mineral properties. In addition, we also compete for the technical expertise to find, develop, and operate such properties, the labour to operate the properties, and the capital for the purpose of funding such properties.

Economic Dependence

We do not have any contracts upon which our business is substantially dependent, as our principal products, copper concentrate, zinc concentrate and gold/silver doré are widely traded commodities and we may enter into contracts for the sale of such products with a variety of potential purchasers.

Environmental Protection

Our activities are subject to environmental laws and regulations, and our own internal environmental objectives. We manage our conformance through certified management systems in place at our producing operations in Manitoba and Peru. At our newly acquired producing operations in British Columbia, the assessment of the existing management system remains in progress, following which we expect the management system to become certified. Environmental laws and regulations are evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. For additional information, see "Risk Factors - Governmental and Environmental Regulation".

Our goal is to continue to improve our environmental performance and we have an environmental management program and systems directed at environmental protection and compliance to achieve our goal and address these regulatory changes. For additional information, see "Tailings Management Facilities" above and "Sustainability" and, in particular, our commitment to follow the TSM program of the Mining Association of Canada at all of our operating locations and our adoption of greenhouse gas ("**GHG**") emission reduction targets.

Employees

As at December 31, 2023, we had 76 employees at our Toronto-based corporate head office, 972 employees in Manitoba, 567 employees in British Columbia, 1048 employees in Peru and 45 employees in the United States. As at December 31, 2023, unionized workers represented approximately 70% of our employees in Manitoba and approximately 53% of our employees in Peru.

We have a collective bargaining agreement in place with the union at our Peru operations, which expired in the fourth quarter of 2023 and is currently being renegotiated. If a strike or work stoppage occurred at Constancia, while we believe we could continue operating, we would have a reduced workforce, and it may adversely affect our production efficiency in Peru. We also have collective bargaining agreements in place with all six unions in Manitoba, which are all set to expire on June 30, 2024. We expect to begin negotiating new collective bargaining agreements in Manitoba in the second quarter of 2024. See "Risk Factors - Recruitment, Retention and Labour Relations".

Hudbay maintains a profit sharing plan pursuant to which 10% of the after-tax profit of the Manitoba Business Unit (excluding provisions or recoveries for deferred income and mining tax) for any given year is distributed among eligible employees in Hudbay's Manitoba operations, with the exception of executive officers and key management personnel.

In accordance with Peruvian law, Hudbay distributes 8% of the after-tax profit of the Peru Business Unit amongst all employees in Peru, including executive officers and key management personnel.

SUSTAINABILITY

At Hudbay, we view responsible corporate behaviour as integral to the successful execution of our business strategy. In particular, we pride ourselves on maintaining a good relationship with our regulators, communities and other stakeholders and being able to bring that good reputation to new communities and jurisdictions when we embark on new projects. Our mission includes that the regions and communities in which we operate benefit from our presence, meaning that we create benefits and opportunities that contribute to their economic and social wellbeing, and that we protect our natural environment. We also commit to maintaining a safe and healthy work environment for our employees. As described below, we have adopted a number of voluntary codes and other external instruments that we consider particularly relevant to our business, including Environmental Management System Standard ISO 14001, Occupational Health and Safety Management System Standard ISO 45001, the Voluntary Principles on Security and Human Rights and our commitment to follow the TSM program of the Mining Association of Canada at all of our operating locations. For over a decade we have reported Scope 1 and Scope 2 GHG emissions across our operations and pursued improvements in our energy efficiency. In 2022, we announced our commitment to achieve net zero GHG emissions by 2050 and the adoption of interim 2030 GHG reduction targets to support this commitment. In 2023, we advanced these GHG-related commitments by identifying specific potential projects at each of our operating locations.

HEALTH, SAFETY AND ENVIRONMENTAL POLICIES

Among our core values are protecting the health and welfare of our employees and contractors and reducing the impact of our operations on the environment. Our producing operations in Manitoba and Peru currently have management systems certified to Safety and Environmental Management System Standards ISO 45001 and ISO 14001. In British Columbia, we are in the process of conducting an internal assessment of the management system and currently expect it to become certified to the appropriate Safety and Environmental Management System Standards within the next three years.

We believe that ongoing improvement in the safety of our workplace assists in maintaining healthy labour relations and that our ability to minimize recordable injuries (Medical Aid, Restricted Work and Lost Time injuries) and comply with environmental requirements are significant factors in maintaining social license to operate and realizing opportunities to improve overall operational efficiency. Our safety management systems also focus on identifying and mitigating fatal risks, including implementing critical controls addressing fatal risks and also on thoroughly investigating any incidents that represent a potential fatality regardless of the actual outcome of the incident. We classify injuries across our company using the International Council on Mining and Metals ("**ICMM**") criteria. Based on the ICMM criteria, in 2023, our recordable injury frequency per 200,000 hours worked was 1.2, which is a year-over-year improvement (1.3 in 2022).

Our environmental management program consists of a corporate environmental policy, and at each site, comprehensive environmental management plans and procedures that are integrated with operating procedures, employee training, regular internal and external audits, and emergency response systems. Appropriate water stewardship plays an important role in the development and operation of our projects, particularly the Copper World project.

We maintain a company wide information system for recording, managing and tracking environmental, health, safety and community incidents. We did not have any material environmental non-compliances in 2023.

CLIMATE CHANGE INITIATIVES

The Board's EHSS Committee provides oversight of our GHG Reduction Roadmap, and regularly receives reports from management on our progress. In 2021, drawing on many years of data on our GHG footprint, we began work on a 10-year GHG Reduction Roadmap, to identify our best options for approaching and achieving sustainable GHG emission reductions. While our operations are well-positioned in the lower half of the global GHG emissions curve for copper operations, we recognize our role in mitigating climate change and that copper and the metals Hudbay produces play an important role in the world's transition to a greener future.

In 2022, we then announced our commitment to a GHG emissions reduction plan that includes the following initiatives:

- Pursuing a 50% reduction in absolute Scope 1 and Scope 2 GHG emissions (as of 2021) from our existing operations by 2030;
- Achieving net zero total emissions by 2050;
- Reporting on material Scope 3 emissions in the near-term;
- Assessing acquisitions and new projects against corporate emissions targets;
- Continuing to be transparent with GHG performance data disclosure, including reporting total GHG emissions and GHG intensity; and
- Evaluating new technologies as they become commercially available and economically viable.

In 2023, we made additional progress towards our ultimate climate change goals by taking the following steps:

- During the first quarter of 2023, Hudbay signed the Power Purchase Agreement in Peru for 100% renewable energy supply. As a result, total Scope 1 and Scope 2 GHG emissions company-wide at Hudbay's current operations (other than Copper Mountain) are expected to decline by 40% during the life of the contract (as compared to our 2021 baseline), positioning Hudbay well to achieve its 50% reduction target by 2030;
- In September 2023, Hudbay commissioned a new Komatsu PC8000 electric shovel at the Copper Mountain mine, which reduces carbon intensity by displacing existing diesel shovel production;
- Hudbay tested the use of renewable diesel in two of its non-trolley assist haul trucks at the Copper Mountain mine in an effort to further reduce GHG emissions. The test results were promising and Hudbay subsequently entered into renewable diesel contracts for approximately 80% of the expected fuel to be purchased in 2024; and,
- In the first quarter of 2023, Hudbay initiated the trial of an electric Epiroc scooptram ST14 SG at the Lalor mine, which reduces carbon intensity by lowering emissions and reduces the temperature in the lower areas of the mine to improve ventilation. The trial was successful and, in the third quarter, a second electric scooptram was added to the fleet.

HUMAN RIGHTS POLICY

Our Human Rights Policy articulates our commitments to human rights and addresses topics such as business and labour practices (including our commitment to prevent forced, compulsory and child labour in our sphere of influence), community participation and security measures. Our Corporate Standards for Supplier Due Diligence, Stakeholder Engagement, Community Giving and Investment, Local Procurement and Employment and Security Management provide our business units with additional corporate direction on minimum standards with respect to meeting the commitments we set out in our Human Rights Policy.

The Voluntary Principles on Security and Human Rights provide important guidance for our security and community relations practices in locations with higher potential for social conflict and, in Peru, we regularly audit security policies and practices and conduct gap analyses against the Voluntary Principles.

SUSTAINABILITY REPORTING

Each year we publish an Annual Sustainability Report that presents and discusses our environmental, social, health and safety performance in the context of our overall business performance. This report is prepared pursuant to the Global Reporting Initiative guidelines, the SASB Metals and Mining Standard, and the recommendations of the Task Force on Climate Related Financial Disclosure. We also publicly respond to the CDP climate, water and forests questionnaires. Previous Annual Sustainability Reports are available on our website at https://hudbayminerals.com/disclosure-centre/default.aspx. Our 2023 Annual Sustainability Report is expected to be released in the second quarter of 2024.

RISK FACTORS

An investment in our securities is speculative and involves significant risks that should be carefully considered by investors and prospective investors. In addition to the risk factors described elsewhere in this AIF, the risk factors that impact us and our business include, but are not limited to, those set out below. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem less material may also impair our business. Any one or more of these risks could have a material adverse effect on our business, results of operations, financial condition and the value of our securities.

METALS PRICES AND FOREIGN EXCHANGE

Commodity prices are a key driver of our financial and operational results. As a result, our profit or loss and financial condition depend upon the market prices of the metals we produce, which are cyclical and which can fluctuate widely with demand. The profitability of our current operations is directly related and sensitive to changes in the market price of copper, gold and zinc and, to a lesser extent, that of silver and molybdenum (see "Sensitivity Analysis" on page 36 of our management's discussion and analysis for the year ended December 31, 2023). Market prices of metals can be affected by numerous factors beyond our control, including the overall state of the economy and expectations for economic growth, geopolitical events, general levels of supply and demand for a broad range of industrial products, the substitution of new or different products in critical applications for existing products, the level of industrial production, expectations with respect to the rate of inflation, foreign exchange rates and the investment demand for commodities, interest rates and speculative activities. Such external economic factors are, in turn, influenced by changes in international investment patterns, monetary systems and political developments.

The Chinese market is a significant source of global demand for commodities, including copper and zinc. Chinese demand has been a major driver in global commodities markets for many years. A slowing in China's economic growth could result in lower prices and demand for our products and negatively impact our results. We could also experience these adverse effects if demand in China slowed for other reasons, such as trade disputes, increased self-sufficiency, increased reliance on other suppliers to meet demand or a prolonged market disruption event, including as a result of geopolitical events and/or global conflicts. Prices are also affected by the overall supply of the metals we produce, which can be affected by the start-up of major new mines, production disruptions and closures of existing mines. Depending on hedging practices, future metal price declines could cause us to reduce output at our operations (including, possibly, closing one or more of our mines or plants). If such price declines were significant, there could be a material and adverse effect on our cash flow from operations and our ability to finance our projects and satisfy our debt service obligations (see "Liquidity, Access to Capital and Indebtedness" below).

In addition to adversely affecting our mineral reserve estimates and the Company's financial condition, declining metals prices can impact operations by requiring an assessment or reassessment of the feasibility of a particular project. We may also curtail or suspend some or all of our exploration and development activities, with the result that our depleted reserves are not replaced.

In addition, since our core operations are located in Canada and Peru, many of our costs are incurred in Canadian dollars and Peruvian soles. However, our revenue is tied to market prices for copper, gold, zinc and other metals we produce, which are typically denominated in United States dollars. If the Canadian dollar or Peruvian sol were to appreciate in value against the United States dollar, our results of operations and financial condition could be materially adversely affected. Although we may use hedging strategies to limit exposure to currency fluctuations, there can be no assurance that such hedging strategies will be successful or that they will mitigate the risk of such fluctuations. In addition, commodity hedging strategies may cap our revenues from selling certain metal products if there are significant price increases. For more information, see "Financial Risk Management - Metals Price Strategic Risk Management" and "Financial Risk Management - Interest Rate and Foreign Exchange Risk Management" on pages 55 and 56 of our management's discussion and analysis for the year ended December 31, 2023.

POLITICAL AND SOCIAL RISKS

In any jurisdiction in which we operate, a change in government, government policy, the declaration of a state of emergency or the implementation of new or the modification of existing laws and regulations affecting our operations and other mineral properties could have a material adverse impact on us and our projects. Such laws or events could involve restrictions on businesses, the expropriation of property, implementation of exchange controls and price controls, increases in production royalties and income and mining taxes, refusal to grant or renew required permits, licenses, leases or other approvals or requiring unfavourable amendments to or revoking current permits and licenses, and enacting environmental or other laws that would make contemplated operations uneconomic or impractical. The risk exists that further government limitations, restrictions or requirements not presently foreseen, will be implemented. In addition, policy changes that alter laws regulating the mining industry could have a material adverse effect on us. We are at a heightened risk of having this occur whenever there is a change in government in the countries or regions in which we operate. Any prolonged disruption to our mining and mineral processing infrastructure that may result from such changes in policy could cause us to temporarily shut down our operations, which could have an adverse effect on our financial results and cash flows.

Political or social unrest and instability in Peru, in particular, could adversely affect our ability to operate the Constancia mine and the Pampacancha satellite deposit and commence exploration activities at Maria Reyna and Caballito. Such adverse effects could result in positions or actions that may be taken by the national government or at the regional, community or local levels by government or non-governmental actors, including demanding payments, encroaching on our land, challenging the boundaries of such land or our rights to possess and operate on such land, protesting against our operations, impeding project activities through roadblocks or other public manifestations and attacking project assets or personnel. In recent years, certain mining projects in Peru have been the target of political and community protests, including after former President of Peru, Pedro Castillo, was removed from office in December 2022. While there have been some initiatives in respect of the Constancia mine, including attempts to restrict access and trespassing by workers and members of the surrounding communities, those initiatives have been limited and have not significantly disrupted the project's development or operations. There is the risk that more significant opposition may be mounted that may affect our ability to operate or to carry out our intentions to explore Maria Reyna and Caballito. The risk of disruptions from such opposition tends to increase with national, regional and local elections in Peru and changes to the general political and social climate in the area where we operate. We continue to seek to constructively engage with all our stakeholders in the Constancia region, and we continue to actively monitor Peru's social risks and political landscape.

In addition, while we carry out due diligence on our customers, the majority of our copper concentrate production from Constancia is delivered to smelters in China, and there is a risk that geopolitical events could lead to market disruptions, trade disputes or government restrictions that could adversely affect our ability to sell our metal production.

COMMUNITY RELATIONS AND INDIGENOUS RIGHTS

Our relationships and reputation, particularly with the communities in which we operate in Manitoba, British Columbia, Chumbivilcas (Peru), Arizona and Nevada are critical to the success of our existing operations and the construction and development of future projects. There is an increasing level of public attention and advocacy relating to the real and perceived effect of mining activities on the environment and communities impacted by those activities. Publicity adverse to us, our operations, or extractive industries generally, including as a result of anti-mining protests or publications, could have an adverse effect on us and may impact our reputation and relationship with the communities in which we operate, including the communities surrounding our key projects and other stakeholders.

Although we have entered into life of mine agreements with the two local communities directly affected by the Constancia mine and the one local community directly affected by the development of the Pampacancha deposit, and have a number of agreements in place with other local communities and governments in the area, there can be no assurance that disputes will not arise with these local communities or governments or that other communities or governments in the region with whom we do not have an agreement in place will demand an impact benefit, community investment agreement or will otherwise assert their rights in some form.

In situations where we have acquired mineral rights, we may be unable to secure the required surface rights. Any inability to secure required surface rights or take possession of areas for which we hold surface rights could render us unable to carry out planned exploration, development and mining activities. Relations with local communities may be strained by real or perceived detrimental effects of our activities or those of other mining companies. Those strains may impact our ability to enforce our existing community agreements or obtain necessary permits and approvals to operate the Constancia mine. Further, communities and other groups in Peru and elsewhere that self-identify as Indigenous people may assert rights to be consulted and a right to free, prior and informed consent over project decisions. In Peru, this requires compliance with the Consulta Previa law. Specifically in respect of Maria Reyna and Caballito, our existing surface rights agreement during the exploration phase is for a limited term only and we will need to negotiate an exploitation agreement with the applicable stakeholders in the future to commence construction and operations if desirable to do so. There can be no assurance that an exploitation agreement with the applicable stakeholders will be reached at all or in a timely manner and it may be an expensive negotiation process.

Additionally, the Company acknowledges that its British Columbia operations may affect the communities of the Upper Similkameen Indian Band ("**USIB**"), the Lower Similkameen Indian Band ("**LSIB**") and other potential stakeholders. Hudbay has current agreements in place with each of the USIB and LSIB in respect of the Copper Mountain mine and is committed to transparent and meaningful engagement with the USIB and LSIB to discuss amending such agreements, as needed, to reflect Hudbay's updated life of mine plan and to address any concerns that may arise from time to time, including with respect to the permitting and proposed development of New Ingerbelle. However, there can be no assurance that such engagement will result in all of the USIB's and/or the LSIB's concerns being fully resolved, that disputes will not arise between Hudbay and the USIB and/or the LSIB, as applicable, or that such issues will not adversely affect our development plans or schedule for New Ingerbelle.

The reconciliation process with Indigenous peoples in Canada, including the Government of Canada's intention to implement the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**"), may result in new such regulations being introduced in Canada. Although we work to engage with and provide opportunities to Indigenous communities near our operations in Manitoba and British Columbia, the asserted rights of Indigenous peoples may adversely affect our ability to operate. In addition, the Government of British Columbia has adopted the Declaration on the Rights of Indigenous Peoples Act (2019) ("**DRIPA**") to implement UNDRIP in British Columbia. The legislation commits to a systematic review of British Columbia provincial laws for alignment with UNDRIP principles, while also encouraging new agreements with Indigenous groups that are intended to address outstanding governance questions around the nature of Indigenous rights and title interests in British Columbia.

In addition, from time to time, our operations may be adversely affected by protests and social activism broadly related to Indigenous rights and the reconciliation process in Canada.

While we are committed to operating in accordance with applicable laws and in a socially responsible manner, there can be no assurance that our efforts in this respect will fully mitigate this potential risk.

RECRUITMENT, RETENTION AND LABOUR RELATIONS

The success of our operations and development projects depends in part on our ability to attract and retain geologists, engineers, metallurgists and other required personnel in the geographic areas in which we operate. The success of our mining operations in Snow Lake, Manitoba, Princeton, British Columbia and southern Peru, in particular, depends in part on our ability to attract new personnel to work for us in these geographic areas.

We also depend on a number of key management and operating personnel, and our success will largely depend on the efforts of these individuals and our ability to retain them. The conduct of Hudbay's business and the execution of our strategy and development plans depend on the abilities, experience and efforts of our management team. In addition, we also compete for the technical expertise and labour to find, develop, and operate such properties. The loss of services from key employees or members of management could adversely impact our prospects and financial condition.

We currently have a collective bargaining agreement in place with the union at our Peru operations, which expired in the fourth quarter of 2023 and is currently being renegotiated. We also have collective bargaining agreements in place with all six unions in Manitoba, which are all set to expire on June 30, 2024. We expect to begin negotiating new collective bargaining agreements in Manitoba in the second quarter of 2024.

There can be no assurance that our business will not suffer from a work stoppage at any location where we operate. At Constancia, just over 50% of our workforce is unionized, and while we do not currently believe any labour discussions will result in a prolonged work stoppage, there can be no assurance that such events will not occur in the near term or from time to time and our ability to avoid a strike or work stoppage will depend on our ability to successfully renegotiate collective bargaining agreements with such labour unions as required, which cannot be guaranteed. If a strike or work stoppage occurred at Constancia, while we believe we could continue operating, we would have a reduced workforce, and it may adversely affect our production efficiency in Peru.

In addition, from time to time, we may temporarily suspend or close certain of our operations, and we may incur significant labour and severance costs due to a suspension or closure. Further, temporary suspensions and closures may adversely affect our future access to skilled labour, as laid-off employees may seek employment elsewhere.

LIQUIDITY, ACCESS TO CAPITAL AND INDEBTEDNESS

As at December 31, 2023, we had cash and cash equivalents of approximately $249.8 million and approximately $323.9 million in undrawn availability under our Credit Facilities. While we expect that our current liquidity and future cashflows will be sufficient to meet our obligations in the coming year, there can be no assurances that this will be the case given our exposure to a potential deterioration in metals prices and other similar risks discussed in this AIF.

To fund growth, secure our future reclamation obligations, and in difficult economic times, to ensure continued operations, we may need to secure necessary capital through equity, loans or other forms of permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company and our projects and, in the case of the Credit Facilities, the financial maintenance covenants contained therein. Financing may not be available when needed or, if available, may not be available on terms acceptable to us. Failure to obtain or maintain any financing necessary for our capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of our properties, including our potential plans to develop future growth projects. With respect to our current development strategies in particular, there can be no certainty that there will be sufficient financing or other transactions available on acceptable terms to achieve our 3-P plan and fund the construction of Copper World. See "Development of New Projects" below.

If we cannot make scheduled payments on our debt, or if we breach any of the covenants under our Credit Facilities, the indentures governing the Senior Unsecured Notes or our other debt instruments, we will be in default and holders of our debt could declare all outstanding principal and interest to be due and payable, causing a potential cross-acceleration or cross-default under certain of our other debt agreements and our other creditors could foreclose against the collateral securing our obligations and we could be forced into bankruptcy or liquidation.

Additionally, to the extent that we incur indebtedness at variable interest rates to fund our growth objectives, we may enter into interest rate hedging arrangements to manage our exposure to short-term interest rates. To the extent that we commit to capital expenditures denominated in foreign currencies, we may enter into foreign exchange forwards or acquire foreign currency outright, which may result in foreign exchange gains or losses in our consolidated income statements. At December 31, 2023, approximately $211.2 million of our cash was held in US dollars, approximately $36.0 million of our cash was held in Canadian dollars, and approximately $2.6 million of our cash was held in Peruvian soles.

We have a significant amount of indebtedness. As of December 31, 2023, we have a total long-term debt of approximately $1.288 billion. As a result, we have a substantial annual interest expense on long-term debt, amounting to approximately $76.2 million in 2023.

Specifically, our substantial level of indebtedness could have significant consequences, including:

- limiting our ability to access capital to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing the Company to the risk of increased interest rates for those borrowings that are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing the Company at a disadvantage compared to other less leveraged competitors; and
- increasing our cost of additional borrowings.

Subject to the limits contained in the indentures governing the Senior Unsecured Notes and any limits under our other debt instruments existing from time to time, we may incur additional debt (including under our Credit Facilities) to finance working capital, capital expenditures, investments or acquisitions or for other purposes. If we do so, the risks related to our level of indebtedness could intensify and there can be no assurance that the interest rate on any future debt will be as favourable as the Senior Unsecured Notes or any of our other existing debt.

Our ability to make scheduled payments on, repay in full or refinance our debt obligations, including the Senior Unsecured Notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control, most importantly, metals prices. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium if any, and interest on our indebtedness, including the Senior Unsecured Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the Senior Unsecured Notes. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow us to meet our scheduled debt service obligations. The indentures governing the Senior Unsecured Notes restrict our ability to dispose of assets and use the proceeds from those dispositions. They may also limit our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, the indentures governing the Senior Unsecured Notes contain a number of restrictive non-financial covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including limitations on our ability to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- consolidate, amalgamate, merge or sell all or substantially all of our assets.

BUSINESS INTEGRATION RISK WITH COPPER MOUNTAIN

The ability to realize the benefits of the Copper Mountain transaction will depend in part on building relationships with key stakeholders, developing and implementing operating systems, and successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner. It will also depend on Hudbay's ability to realize its updated mine plan and the anticipated synergies from integrating Copper Mountain's business, as well as its ability to ensure Copper Mountain's disclosure controls and procedures and internal controls over financial reporting are as thorough and effective as those required by securities laws currently applicable to Hudbay.

The process of designing and implementing and maintaining effective internal controls for Copper Mountain has required and is expected to continue to require significant resources of the Company. If the Company is unable to establish or maintain appropriate internal financial controls and procedures, it could cause the Company to fail to meet its reporting obligations on a timely basis, result in material misstatements in its consolidated financial statements, and harm its operating results.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, the Company may identify deficiencies and may encounter problems or delays in completing the remediation of any deficiencies. The existence of deficiencies in internal control over financial reporting may require management to devote significant time and incur significant expense to remediate any such deficiencies.

If the Company fails to design and implement and maintain effective internal controls over financial reporting for Copper Mountain in the required timeframe, it may be subject to sanctions or investigations by regulatory authorities, including the SEC and the NYSE and could also restrict the Company's future access to the capital markets.

Successfully completing the business integration will require the dedication of management effort, time and resources which may divert management's focus and resources from other strategic opportunities available to Hudbay and from operational matters during this process. There can be no assurance that management will be able to implement the required processes, procedures and controls, complete the integration of the operations of Copper Mountain's business successfully and realize the anticipated operational and financial benefits.

INFORMATION TECHNOLOGY AND OPERATIONS TECHNOLOGY SYSTEMS

Our operations depend, in part, on information technology ("**IT**") and operations technology ("**OT**") systems. While we regularly monitor the security of our IT and OT systems, they remain vulnerable to disruption, damage or failure from a variety of sources, including but not limited to errors by employees or contractors, computer viruses, cable cuts, natural disasters, terrorism, power loss, vandalism, cyber-attacks including phishing, ransomware and similar malware, misappropriation of data by outside parties, and various other threats.

Prior to the CMMC Transaction, Copper Mountain was subject to a ransomware attack on December 27, 2022 that affected its internal IT systems at the Copper Mountain mine and at its corporate head office. As a result, Copper Mountain isolated operations and switched to manual processes, where possible, and the mill was preventatively shut-down to determine the effect on its control system. On January 1, 2023, Copper Mountain resumed operations of the primary crusher at the Copper Mountain mine and, on January 4, 2023, the mill was at full production. Throughout the outage, all environmental management systems at the Copper Mountain Mine were operational, and there were no environmental incidents or injuries to personnel.
Although Hudbay was aware of the above-mentioned ransomware attack at the time of the CMMC Transaction and, to date, Hudbay has not itself experienced any material losses relating to IT or OT system disruptions, failure or damage, cyber-attacks or other information security breaches, there can be no assurance that we will not incur such losses or experience similar events in the future.

Any of these and other events could result in IT system or OT system failures, operational delays, production downtimes, security breaches, destruction or corruption of data, and equipment failure that could cause other risks to be realized, such as but not limited to, inaccurate recordkeeping, disclosure of confidential information, or other improper use of our IT and OT systems and networks. Any of these events could have an adverse effect on our reputation, results of operations, financial reporting and financial condition.

While we employ IT and OT governance practices over our information, data and networks, including implementing systems to monitor and detect threats, information security training for employees with access to sensitive information and data, the use of multi-factor encryption on all personal devices, the implementation of a formal cyber security awareness, training and testing online platform, the implementation of a layered approach to protect our industrial control systems and the performance of periodic audits and penetration testing, we cannot be certain that it will be successful in securing our information and data from cyber-attacks, phishing attacks or other similar events. There may be instances where we are exposed to malware, cyber-attacks or other unauthorized access or use of our information and data. Our exposure to this risk cannot be fully mitigated because of, among other things, the evolving nature and frequency of these threats and the effects and consequences of vulnerable third parties. The techniques used to obtain unauthorized access to or sabotage our systems are under continuous and rapid evolution, and as a result, we may be unable to detect efforts to disrupt our data and systems in advance. As such threats continue to evolve and occur more frequently, we may be required to expend additional resources to continue to change or improve protective measures and to investigate and remediate any security vulnerabilities.

DEVELOPMENT OF NEW PROJECTS

Our ability to successfully develop future growth projects is subject to many risks and uncertainties, including the ability to generate sufficient free cash flows and secure adequate financing to fund the projects, including from potential joint venture partners; obtaining and maintaining essential permits and approvals from governmental authorities; successful resolution of administrative and legal challenges against permits that have been issued to us and those permits that may be issued in the future (particularly in the case of the Copper World project in Arizona and New Ingerbelle expansion in British Columbia); obtaining surface rights agreements, if needed; construction, commissioning and ramp-up risks; scheduling and cost-overrun risks; developing and maintaining good relationships with neighbouring communities, local governments and other stakeholders; and other political and social risks.

Significant amounts of capital will be required to construct and operate a new mine, such as the Copper World project. Our capital and operating cost assumptions may be affected by a variety of factors, including project scope changes, supply chain constraints, and general cost escalation common to mining projects globally. Factors such as changes to technical specifications, failure to enter into agreements with contractors or suppliers in a timely manner, including contracts in respect of project infrastructure, and shortages of capital, may also delay or prevent the completion of construction or commencement of production or require the expenditure of additional funds. Moreover, further delays may be caused by additional administrative and legal challenges to the permits for our projects (including the Copper World project in Arizona and New Ingerbelle expansion in British Columbia), which may impact our mine plan and development timelines.

In addition, once a construction decision is made for a major capital project, construction costs and timelines can be impacted by various factors, many of which are beyond our control. These include, but are not limited to, weather conditions, ground conditions, performance of the mining fleet and availability of appropriate materials required for construction, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates, global capital cost inflation, local in-country inflation and availability of accommodations for the workforce.

Many major mining projects constructed in recent years have experienced cost overruns that substantially exceeded the capital cost estimated during the basic engineering phase of those projects, sometimes by as much as 50% or more. There can be no certainty that there will be sufficient financing or other transactions available on acceptable terms to achieve our 3-P plan and fund the construction of Copper World and, should Copper World be brought into construction, any cost overruns and any related delays could have a significant detrimental impact on the near-term cash flows we realize from the project and the economic assumptions that supported our decision to commence construction.

DEPLETION OF RESERVES AND VIABILITY OF OPERATIONS

Subject to any future expansion or other development, production from existing operations at our mines will typically decline over the life of the mine and the risk of the extraction of mineral reserves becoming uneconomic increases. As a result, despite the completion of the CMMC Transaction in 2023 which added an operating mine to our portfolio of assets, our ability to maintain our current production or increase our annual production of base and precious metals and generate revenues therefrom will depend significantly upon our ability to discover or acquire new deposits, bring new mines into production successfully and to expand mineral reserves and production at existing mines. While exploration and development of mineral properties involves significant financial risk, the success of our exploration and development plans is crucial to our future operations.

Very few properties that are explored are later developed into operating mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure; current and future expectations for metal prices; political and social stability; the cost of any required surface rights, particularly in the regions where we operate in Peru; obtaining and maintaining a social license to operate; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection, and the cost of any legal or administrative challenges related thereto. Even if we identify and acquire what we believe to be an economically viable ore body, several years may elapse until first production.

During this time, we may incur significant expenses to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities. We cannot provide assurance that our exploration or development efforts, including those at our Copper World project, at New Ingerbelle, at our mineral properties in Flin Flon and Snow Lake, and Maria Reyna and Caballito, will result in any new commercial mining operations or yield new mineral reserves to replace or expand current mineral reserves.

PROCESSING, TAILINGS AND INSURANCE

Mining operations, including exploration, development and production of mineral deposits and tailings disposal, generally involve a high degree of risk and are subject to conditions and events beyond our control. Our operations are subject to all of the hazards and risks normally encountered in the mining industry, including adverse environmental conditions; industrial and environmental accidents; metallurgical and other processing problems; unusual or unexpected rock formations; ground or slope failures; structural cave-ins or slides; flooding or fires; seismic activity; rock bursts; equipment failures; and periodic interruptions due to weather conditions, as well as intentional acts by individuals or groups who intend to harm or disrupt our operations. These risks could result in the destruction of mines or processing facilities, the failure of tailings management facilities and damage to infrastructure, causing partial or complete shutdowns, personal injury or death, environmental or other damage to our properties or the properties of others, monetary losses and potential legal liability. Although we conduct extensive maintenance and monitoring and incur significant costs to maintain our mines, equipment and infrastructure, including our tailings management facilities, unanticipated failures or damage may occur that cause injuries, production loss or environmental pollution and resulting legal and economic liability, which may be significant. We may be at a heightened risk of such anticipated failures or damage in Manitoba, where some of our mines, equipment and infrastructure, including our tailings management facilities, were built over 80 years ago and, in the case of FFTIA, were based on the upstream construction design method.

As part of our risk management process for tailings, Hudbay has established an Independent Technical Review Board and developed a Tailings Governance Charter to oversee the governance and management of our tailings facilities (see the "Tailings Management Facilities" section in this AIF).

Likewise, as processing facilities go through a stabilization and optimization phase, such as our Copper Mountain mill, the risk of unexpected shutdowns and reduced availability increases. Any inability to provide adequate feed to our processing facilities or maintain the availability of our processing facilities could adversely impact our profitability and impair the viability of our operations.

Our insurance will not cover all the potential risks associated with our operations. In addition, although certain risks are insurable to an extent, no assurance can be given that such insurance will continue to be available or that we will be able to maintain insurance to cover these risks at economically feasible premiums. Insurance against risks such as non-sudden or non-accidental emissions pollution due to exploration and production is not generally available to us on acceptable terms. Business interruption due to pandemics, strikes, riots or other similar disruptive events is generally not covered by business interruption insurance. Losses from uninsured events may cause us to incur significant costs.

RECLAMATION AND MINE CLOSURE COSTS

The ultimate timing and costs for future removal and site restoration could differ from current estimates. Our estimates for this future liability are subject to change based on updated closure plans, amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. In addition, regulatory authorities in various jurisdictions require us to post financial assurances to secure, in whole or in part, future reclamation and restoration obligations in such jurisdictions based on the approved closure plans. Changes to the amounts required, as well as the nature of the collateral to be provided, including as a result of updated closure plans, could significantly increase our costs, making the maintenance and development of existing and new mines less economically feasible. Any capital resources we utilize for this purpose will reduce the resources available for our other operations and commitments. Although we accrue for future closure costs based on current disturbance, we do not necessarily reserve cash for these obligations or otherwise fund these obligations in advance or immediately upon the commencement of closure. By way of example, to preserve flexibility for potential future operations, our closure plans for Flin Flon involved putting certain assets on care and maintenance for a period of time, thereby deferring certain closure costs. As a result, we will have significant cash expenditures when we close and restore our metallurgical complex in Flin Flon completely. The financial assurance we are required to provide in the meantime may increase in the future.

As of December 31, 2023, on an undiscounted basis, the total estimated environmental obligations related to our Flin Flon operations were approximately $288.2 million.

GOVERNMENTAL APPROVALS, PERMITTING AND ENVIRONMENTAL REGULATION

Our activities are subject to various laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, toxic substances, protection of the environment and other matters. Government approvals and permits are currently required in connection with all of our operations, and further approvals and permits will be required in the future. Specifically, our ability to develop the Copper World project in Arizona depends on, among other things, the receipt of all required state permits and our ability to develop the New Ingerbelle deposit in British Columbia requires permit amendments and consultation with potentially affected First Nations.

The success of our efforts to obtain and maintain permits is contingent upon many variables outside of our control, including the public consultation process undertaken by regulatory agencies and the adequacy of government consultation with First Nations. Obtaining and complying with governmental permits may increase costs and cause delays. There can be no assurance that all necessary permits will be obtained and, if obtained, that the time and costs involved will not exceed our estimates or that we will be able to maintain such permits as a result of, among other things, conditions imposed or legal challenges. To the extent such approvals are required and not obtained or maintained, our operations may be curtailed, or we may be prohibited from proceeding with planned exploration, development, or operation of mineral properties. Currently, the greatest risk of this occurring is in connection with our Copper World project in Arizona.

Environmental regulation continues to evolve, requiring stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. There can be no assurance that existing or future environmental regulation will not materially adversely affect our business, financial condition and results of operations. There is contamination on properties that we own or owned or for which we have or have had care, management or control and, in some cases, on neighbouring properties, that may result in remediation requirements, fines and personal injury or natural resource damage claims, which could result in material costs. We could be held responsible for investigative-cleanup costs relating to presently unknown contamination on our properties. We may also acquire properties with environmental risks. Any investigative and remediation costs for known or unknown contamination or future releases of hazardous or toxic substances at our properties or related to our activities could be material.

Although we believe that our operations are currently carried out in material compliance with applicable laws and regulations, no assurance can be given that new laws and regulations will not be enacted or that existing laws and regulations will not be amended or applied in a manner that could have a material adverse effect on our business, financial condition and results of operations, including laws governing our tailings storage facilities. Any failure to comply with such laws and regulations may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage relating to mining activities, and we may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations, which costs could be material.

ENERGY AND OTHER CONSUMABLE PRICES AND AVAILABILITY

Our mining operations and facilities are intensive users of electrical energy, diesel fuel and other consumables (such as steel and metallurgical reagents) that are essential to our business. The prices and availability of energy and other consumables can be affected by numerous factors beyond our control, including general cost inflation, global and regional supply and demand, political, social and economic conditions, supply chain constraints (including as a result of geopolitical events and/or global conflicts) and applicable regulatory regimes.

The prices of various sources of energy we rely on may increase significantly from current levels due to the current geopolitical environment, and any carbon-based energy we use may become subject to new or increased carbon taxes; any such significant increase or punitive tax could have an adverse effect on our profitability. As a result of these cost pressures, particularly the current inflationary environment, the operating and capital cost assumptions in our previously published NI 43-101 technical reports may no longer be accurate, which could have an adverse effect on the projected economics of our operations.

TRANSPORTATION AND INFRASTRUCTURE

At our mines in northern Manitoba and Saskatchewan, we are dependent upon a single railway and certain short-line rail networks to transport products from the Flin Flon metallurgical complex for further processing or to our customers. In Peru, concentrate production from the Constancia mine must travel approximately 450 kilometres by road to the Port of Matarani and in British Columbia concentrate production must travel approximately 300 kilometres by road to the Port in Vancouver. The method and route of ore and concentrate transportation to our processing facilities and for sale give rise to a number of risks, including road safety and community and environmental risks. See "Energy and Other Consumable Prices and Availability" above.

We may have similar dependencies at future mining and processing operations. Inability to secure reliable and cost-effective transportation and other infrastructure, or disruption of these services due to community or political protests, weather-related problems, strikes, lock-outs or other events could have a material adverse effect on our operations. If transportation for our products is or becomes unavailable, our ability to market our products could suffer. In addition, increases in our transportation costs, relative to our competitors, could make our operations less competitive and could adversely affect our profitability.

CLIMATE CHANGE

Governments and regulatory bodies at the international, national, regional and local levels have introduced or may introduce legislative changes to respond to the potential impacts of climate change, and it appears there is an increased commitment by the Canadian federal government to do so. Additional government actions in different jurisdictions to regulate (and price) climate change related measures, including regulations on carbon emissions and energy and water use to achieve net-zero emissions by 2050, as well as the achievement of our own internal greenhouse gas reduction targets, could increase the direct and indirect costs of our operations and may have a material adverse effect on our business. Potentially, additional rules or regulations in the United States at the state or federal level may be forthcoming with respect to greenhouse gas emissions and/or "cap and trade" legislation and could impact the economics of our future projects. If metal consuming economies implement carbon border adjustments, the relative competitiveness of our operations and the direct customer for our concentrates could be impacted.

In addition, there is increased investor attention on climate change, sustainability and environmental, social and governance (" **ESG**") issues more generally. Notwithstanding our commitment to conducting our business in a socially responsible manner and to adopt a greenhouse gas reduction strategy, to the extent mining companies fall out of favour with some investors due to the industry's real or perceived impacts on climate change and we are unable to achieve our greenhouse gas reduction targets, this could negatively affect our shareholder base and access to capital.

In addition, our operations are subject to the physical risks of climate change, which may include, among other factors:

- *Increased extreme weather events:* Our current operations are located in geographical areas where typical weather can be hazardous. The Constancia mine is situated in an area susceptible to seismic activity and El Niño and La Niña weather systems and the Copper World project is vulnerable to extreme dry heat. Our Manitoba operations are predisposed to cold temperatures, heavy snowfall and the inherent risks associated with sudden and drastic changes in temperature. Our Manitoba and British Columbia operations are both situated in regions where potential forest fires may take place at times when drought-like conditions exist. An increase in extreme weather events at our operations, including increased frequency and severity of storms, winds and changes in precipitation and temperatures, could result in unanticipated challenges and may adversely affect our operations.

- *Rising sea levels*: A change in sea level can disrupt supply shipping channels, impacting both the transportation of equipment and resources to our operations and the delivery of our products to smelters and other purchasers.

- *Water availability*: Climate change may adversely affect water availability in arid locations, including the Southwestern United States (where our Copper World and Mason projects are located). Water scarcity and shortage can lead to pressure and government action to reduce industrial water consumption, which may restrict the use of existing water rights.

Despite efforts to anticipate and mitigate the hazards and risks of climate change, the above risks and other factors may impact production forecasts, results of operations, financial condition, corporate strategy and share price, and, in the case of Copper World, impact our ability to develop and bring it into operation.

JOINT VENTURE RISKS

We may conduct certain of our operations through joint ventures from time to time, including our Copper Mountain Mine (BC) Ltd. joint venture with MMC, which may lead to disagreements and other negative impacts to the joint venture and our business. We may enter into additional joint ventures in the future. Any current or future joint venture partners may have interests that are different from Hudbay's interests and which may result in conflicting views as to the conduct of the business of the joint venture. In the event that we have a disagreement with a joint venture partner as to the resolution of a particular issue to come before the joint venture, or as to the management or conduct of the business of the joint venture in general, we may not be able to resolve such disagreement in our favour and such disagreement could have a material adverse effect on our interest in the joint venture or the business of the joint venture in general. In addition, we are contemplating a process to bring in a joint venture partner at Copper World in order to reduce the financing risk associated with the project. Any inability to enter into such an arrangement with a potential joint venture partner, or if such an arrangement is entered into on terms that are less favourable than expected, it could impact our ability to develop Copper World and bring it into production, or it could cause us to pursue other, less favourable financing arrangements. See "Liquidity, Access to Capital and Indebtedness."

PUBLIC HEALTH THREATS

An outbreak of infectious disease, a pandemic or a similar public health threat, or a fear of any of the foregoing, could cause operating, supply chain and project development stoppages and delays and disruptions, labour shortages, reduced product demand, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). The possibility of a global recession arising from an infectious disease, a pandemic or a similar public health threat and attempts to control it may impact metals demand and prices and could reduce available liquidity options. As a result, we may experience production below estimated levels, increased costs or significantly reduced revenue. This can lead to a material adverse effect on the financial performance, liquidity and results of operations.

TITLE TO MINERAL PROPERTIES

Although we believe we have taken reasonable measures to ensure valid title to our properties, there can be no assurance that title to any of our properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interests, including prior unregistered liens, agreements, transfers or claims, and aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of our properties by governmental authorities.

In addition, a portion of the Copper World project and certain other of our mining properties in the United States are located on unpatented mine and millsite claims located on U.S. federal public lands. The right to use such claims is granted under the United States General Mining Law of 1872. Unpatented mining claims are unique property interests in the United States, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. While we believe there are no material defects in title of the applicable portion of the Copper World project lands, there can be no assurance that all of our unpatented mine and millsite claims (including those forming part of the Copper World project) will remain valid and available for development.

ANTI-BRIBERY LEGISLATION

We are subject to the U.S. Foreign Corrupt Practices Act (" **FCPA**"), which prohibits corporations and individuals from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. We are also subject to Canada's Corruption of Foreign Public Officials Act ("**CFPOA**"), which prohibits corporations and individuals from giving or offering to give a benefit of any kind to a foreign public official, or any other person for the benefit of the foreign public official, where the ultimate purpose is to obtain or retain a business advantage. Our Peru-based operations are also subject to local anti-bribery and anti-corruption laws including without limitation Law No. 30424, which imposes criminal liability for local and foreign bribery, money laundering, terrorism financing and related crimes, and Legislative Decree No. 1385 which sanctions private corruption.

Our international activities, including our Constancia mine and exploration activities elsewhere in South America, create the risk of unauthorized payments or offers of payments by our employees, consultants or agents to foreign persons. While we have implemented safeguards that are intended to prevent these practices, our existing safeguards and any future improvements to such safeguards may not be completely effective, and our employees, consultants or agents may engage in conduct for which we might be held responsible. Any failure to comply with the FCPA, the CFPOA and applicable laws and regulations in Peru and other foreign jurisdictions could result in substantial penalties or restrictions on our ability to conduct business in certain foreign jurisdictions, which may have a material adverse impact on us and our share price.

MINERAL RESOURCE AND RESERVE ESTIMATES

There are numerous uncertainties inherent in estimating mineral reserves and mineral resources and the future cash flows that might be derived from their production. Estimates of mineral reserves and mineral resources, and future cash flows necessarily depend upon a number of variable factors and assumptions, including, among other things, ability to achieve anticipated tonnages and grade, geological and mining conditions that may not be fully identified by available exploration data or that may differ from experience in current operations, historical production from the area compared with production from other producing areas, the assumed effects of regulation by governmental agencies and assumptions concerning metals prices, exchange rates, interest rates, inflation, operating costs, development and maintenance costs, reclamation costs, and the availability and cost of labour, equipment, raw materials and other services required to mine and refine the ore. In addition, there can be no assurance that mineral resources will be converted into mineral reserves and that mineral recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. This is heightened in the case of Lalor, which has substantial inferred mineral resources. For these reasons, estimates of our mineral reserves and mineral resources in our public disclosure, and any estimates of future cash flows may vary substantially from our actual results.

Failure to achieve production, cost or life-of-mine estimates could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Likewise, the failure to produce marketable mineral concentrates from our operations, or the presence of deleterious elements in our mineral concentrate products, may adversely impact our ability to generate revenues from our production. We are at an increased risk of this at our Constancia operations, where the presence of lead and zinc in certain parts of the ore body requires us to blend production in order to sell marketable copper concentrate. Our actual production, costs and the productive life of a mine may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics, short-term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades, revisions to mine plans, risks and hazards relating to mining and availability of and cost of labour and materials. As a mine matures, the risks that may cause actual production to vary from previous estimates increases and the extraction of mineral reserves may become uneconomic.

There are a number of potential indicators that could trigger non-financial asset impairment or reversal of impairment in the future. One such potential indicator is a change to the life of mine ("**LOM**") plan for an asset. LOM plans incorporate management's best estimates of key assumptions which include future commodity prices, the value of mineral resources not included in the LOM plan, production based on current estimates of recoverable reserves, discount rates, future operating and capital costs and future foreign exchange rates.

REPUTATIONAL RISK

As a result of the increased usage and reach of social media and other internet platforms used to create and publish user-generated content, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Publicity adverse to us, including as a result of such user-generated content, could result from the actual or perceived occurrence of any number of events (for example, with respect to the handling of environmental matters, community relations or litigation), whether true or not. Although Hudbay seeks to mitigate this risk through a number of measures, there can be no assurance that the Company's reputation will not be harmed. Reputation loss may lead to increased challenges in developing and maintaining community relations and decreased investor confidence and could ultimately have a material adverse impact on Hudbay.

POST-RETIREMENT OBLIGATIONS

We have assets in defined benefit pension plans which accumulate through employer contributions and returns on investments made by the plans. The returns on investments are subject to fluctuations depending upon market conditions and we are responsible for funding any shortfall of pension assets compared to our pension obligations under these plans. Our liabilities under defined benefit pension plans are estimated based on actuarial and other assumptions. These assumptions may prove to be incorrect and may change over time and the effect of these changes can be material. We also have substantial commitments for post-retirement health and other benefits for which no specific funding arrangements are in place.

CREDIT RISK

We mitigate credit risk relating to customers of our copper, zinc and precious metals by carrying out credit evaluations on our customers and making a significant portion of sales on the basis of financial letters of credit. If customers default on the credit extended to them our liquidity and cash flows could be materially adversely affected. Further, we may enter into offsetting derivative contracts for which we do not obtain collateral or other security. In the event of non-performance by counterparties in connection with such derivative contracts, we are further exposed to credit risk.

CREDIT RATINGS

The credit rating agencies which rate Hudbay could re-evaluate their current credit ratings or outlooks at any time. There can be no assurance that the credit ratings assigned to Hudbay will be affirmed or remain in effect for any given period of time and ratings may be upgraded, downgraded, or placed under review by an applicable credit ratings agency at any time. Negative changes in our credit ratings or outlooks may increase the cost of borrowing for us. In addition to higher interest rates, rating downgrades could also potentially adversely impact our access to capital, cost of capital and financial flexibility, as well as the value of our securities. See "Credit Ratings" in this AIF for additional information regarding our current credit ratings and outlooks.

DIVIDEND PAYMENTS

The Senior Unsecured Notes impose certain restrictions on our ability to make restricted payments, including common dividends. Our ability to make future dividend payments will be subject to compliance with the covenants contained in our debt agreements along with other liquidity considerations. At all times, the declaration of dividends is subject to the discretion of our Board of Directors and our Board of Directors may determine to cease our past practice of making dividend payments at any time.

MARKET PRICE OF COMMON SHARES & DILUTION

Our share price may be significantly affected by changes in commodity prices or in our financial condition or results of operations. Other factors unrelated to our performance that may have an effect on the price of our common shares include a lessening in trading volume, shareholder activism and general market interest in our securities and the size of our public float. As a result of any of these factors, the market price of our common shares may fall and otherwise may not accurately reflect our long-term value. Securities class action litigation has been brought against companies following periods of volatility in the market price of their securities (including in the context of shareholder activism campaigns) and issuers listed on U.S. stock exchanges (as we are), in particular, have been subject to increasing shareholder litigation. We may in the future be the target of similar litigation.

The Company cannot predict the size or nature of potential future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of our common shares. Sales or issuances of substantial numbers of common shares or other securities that are convertible or exchangeable into common shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of our common shares. With any additional sale or issuance of common shares or other securities that are convertible or exchangeable into our common shares, investors will suffer dilution to their voting power and economic interest in the Company. Furthermore, to the extent holders of the Company's stock options or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of our common shares may decrease due to the additional amount of common shares available in the market.

GROWTH STRATEGY AND ACQUISITION INTEGRATION

We evaluate growth opportunities and continue to consider potential acquisitions and dispositions of exploration, development and operating properties and other mineral assets to achieve our strategy. We, from time to time, engage in discussions in respect of both acquisitions and dispositions, and other business opportunities, but there can be no assurance that any such discussions will result in a successfully completed transaction. In addition, in the event of any such acquisition, there can be no assurance that the acquired business will be successfully integrated into our current operations. For a specific discussion of the risks related to ongoing integration and optimization of Copper Mountain into Hudbay's business, please see "Business Integration Risk with Copper Mountain" above.

"PASSIVE FOREIGN INVESTMENT COMPANY" UNDER THE U.S. INTERNAL REVENUE CODE

We do not believe we are a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (" **PFIC**") for the current taxable year. If we derive 75% or more of our gross income from certain types of "passive" income (such as rents, royalties, interest, dividends, and other similar types of income), or if the quarterly average value during a taxable year of our "passive assets" (generally, assets that generate passive income) is 50% or more of the average value of all assets held by us, then the PFIC rules may apply to U.S. taxpayers that hold our common shares (regardless of the extent of their ownership interest in us). Several "look-through" rules apply in determining PFIC status, including that a 25% or more owned subsidiary corporation's income and assets will be deemed those of its parent for purposes of the PFIC rules. Thus, a sufficiently active subsidiary may allow a parent corporation to avoid PFIC status, depending on the circumstances. Whether we are considered a PFIC for a specific taxable year is a factual determination that must be made annually at the end of that taxable year. As a result, our status in the current and future years will depend on the composition our gross income, our assets and activities in those years and our market capitalization as determined on the end of each calendar quarter, and there can be no assurance that we will or will not be considered a PFIC for any taxable year.

If we are classified as a PFIC during any portion of a U.S. taxpayer's holding period for our common shares, as determined for U.S. federal income tax purposes, such taxpayer would be subject to adverse U.S. federal income tax consequences under the PFIC rules. In such case (except as discussed below), any excess distribution (generally a distribution in excess of 125% of the average distribution over a three- year period or shorter holding period for our common shares) and realized gain on the sale, exchange or other disposition of our common shares will be treated as ordinary income and generally will be subject to tax as if (a) the excess distribution or gain had been realized rateably over the U.S. taxpayer's holding period, (b) the amount deemed realized in each year had been subject to tax in each such year at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would generally be subject to tax at the U.S. taxpayer's regular ordinary income rate for the current year and would not be subject to the interest charge discussed in (c) below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. Where a company that is a PFIC meets certain reporting requirements, a U.S. taxpayer may be able to mitigate certain adverse PFIC consequences described above by making a "qualified electing fund" ("**QEF**") election to be taxed currently on its proportionate share of the PFIC's ordinary income and net capital gains. If we determine that we are a PFIC for any taxable year, we will determine at that time whether we will comply with the necessary accounting and record keeping requirements that would allow a U.S. taxpayer to make a QEF election with respect to us. We have no obligation to determine whether we are a PFIC and may not make any such determination.

DESCRIPTION OF CAPITAL STRUCTURE

COMMON SHARES

We are authorized to issue an unlimited number of common shares, of which there were 350,910,040 common shares issued and outstanding as of March 26, 2024 (being the final trading day prior to the date of this AIF).

Holders of common shares are entitled to receive notice of any meetings of our shareholders, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive, on a pro-rata basis, such dividends, if any, as and when declared by our board of directors at its discretion from funds legally available therefor. Upon our liquidation, dissolution or winding up, holders of common shares are entitled to receive, on a pro-rata basis, our net assets after payment of debts and other liabilities, in each case, subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

PREFERENCE SHARES

We are authorized to issue an unlimited number of preference shares, none of which were issued and outstanding as of March 26, 2024 (being the final trading day prior to the date of this AIF).

Preference shares may from time to time be issued and the Board of Directors may fix the designation, rights, privileges, restrictions and conditions attaching to any series of preference shares. Preference shares shall be entitled to preference over the common shares and over any other of our shares ranking junior to the preference shares with respect to the payment of dividends and the distribution of assets or return of capital in the event of our liquidation, dissolution or winding up or any other return of capital or distribution of our assets among our shareholders for the purpose of winding up our affairs. Preference shares may be convertible into common shares at such rate and upon such basis as the Board of Directors in their discretion may determine. No holder of preference shares will be entitled to receive notice of, attend, be represented at or vote at any annual or special meeting, unless the meeting is convened to consider our winding up, amalgamation or the sale of all or substantially all of our assets, in which case each holder of preference shares will be entitled to one vote in respect of each preference share held. Holders of preference shares will not be entitled to vote or have rights of dissent in respect of any resolution to, among other things, amend our articles to increase or decrease the maximum number of authorized preference shares, increase or decrease the maximum number of any class of shares having rights or privileges equal or superior to the preference shares, exchange, reclassify or cancel preference shares, or create a new class of shares equal to or superior to the preference shares.

SENIOR UNSECURED NOTES

On September 23, 2020, we issued $600 million aggregate principal amount of 6.125% senior unsecured notes due 2029 (the " **2029 Notes**"). The proceeds of this offering were used to redeem $400 million of our outstanding 7.250% senior unsecured notes due 2023 (the "**2023 Redeemed Notes**") and to pay any related premium, costs, and expenses for general corporate purposes. The 2029 Notes have extended maturity dates, significantly reduced interest costs and a more flexible covenant structure as compared to the 2023 Redeemed Notes.

On March 8, 2021 we issued $600 million aggregate principal amount of 4.50% senior unsecured notes due 2026 (the " **2026 Notes**"). The proceeds of this offering were used to redeem $600 million of our outstanding 7.625% senior unsecured notes due 2025 (the "**2025 Redeemed Notes**"). The 2026 Notes have extended maturity dates, significantly reduced interest costs and a more flexible covenant structure as compared to the 2025 Redeemed Notes.

The 2026 Notes and the 2029 Notes (together, the " **Senior Unsecured Notes**") are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis, by substantially all of our existing and future subsidiaries other than Copper Mountain Mine (BC) Ltd., our subsidiaries associated with our development projects in the United States and certain newly formed or acquired subsidiaries that primarily hold or may develop non-producing mineral assets that are in the pre-construction phase of development. The Senior Unsecured Notes contain certain customary covenants and restrictions for a financing instrument of this type. Although there are no maintenance covenants with respect to our financial performance, there are transaction-based restrictive covenants that limit our ability to incur additional indebtedness and make restricted payments in certain circumstances.

At any time (in the case of the 2026 Notes), or effective as of April 1, 2024 (in the case of the 2029 Notes) we may redeem the Senior Unsecured Notes, at our option in whole or in part, at the redemption prices (expressed as percentages of the principal amount of such series of the Senior Unsecured Notes to be redeemed) set forth below, plus accrued and unpaid interest to the applicable date of redemption, if redeemed during the twelve-month period beginning on April 1 of each of the years indicated below:

2026 Notes		2029 Notes	
Year	**Percentage**	**Year**	**Percentage**
2024	101.125%	2024	103.063%
2025 and thereafter	100.000%	2025	102.042%
		2026	101.021%
		2027 and thereafter	100.000%

CREDIT RATINGS

The following table sets out the latest credit ratings received from Standard and Poor's Ratings Services (" **S&P**"), Moody's Investors Services ("**Moody's**"), and from Fitch Ratings (" **Fitch**").

	Credit Rating Organization		
	S&P	**Moody's**	**Fitch**
Corporate Credit Rating	B	B1	BB-
Senior Unsecured Notes	B	B2	BB-

S&P

In April 2023, S&P affirmed its issuer credit and issue-level ratings of 'B' for Hudbay, affirmed its '3' recovery rating and affirmed its outlook of stable.

S&P's corporate credit rating (or issuer rating) is a forward-looking opinion about an obligor's overall creditworthiness in order to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation.

S&P's corporate credit ratings are on a rating scale that ranges from AAA (highest quality) to D (lowest quality). The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to S&P's rating system, an issuer rated 'B' currently has the capacity to meet its financial commitments, but adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments. A 'B' rating is the sixth highest of ten categories in S&P's rating system.

Regarding the issue-level rating, according to S&P's rating system, S&P's issue credit ratings are based, in varying degrees, on its analysis of the following considerations: (i) likelihood of payment; (ii) nature of and provisions of the financial obligation; and (iii) protection afforded by, and relative position of, the obligation in the event of bankruptcy or reorganization. S&P's issue-level ratings are similarly on a rating scale that ranges from AAA (highest quality) to D (lowest quality), with the ratings from 'AA' to 'CCC' having plus (+) or minus (-) modifiers. According to S&P's rating system, an issue rated 'B' indicates that the obligor has the capacity to meet its financial commitments on the obligation, but adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation. A 'B' rating is the sixth highest of ten categories in S&P's rating system.

S&P's recovery ratings focus solely on expected recovery in the event of a payment default of a specific issue, and utilize a numerical scale that runs from 1+ to 6. The recovery rating is not linked to, or limited by, the corporate credit rating or any other rating, and provides a specific opinion about the expected recovery. A '3' recovery rating indicates S&P's expectations of meaningful (50%-70%) recovery in the event of default.

Moody's

In August 2023, Moody's affirmed our corporate family rating of 'B1', our of 'B2' for our Senior Unsecured Notes, and our probability of default rating of 'B1-PD'. Moody's also affirmed our speculative grade liquidity rating of 'SGL-2', and our Stable outlook.

Moody's issuer and issue-level credit ratings are on a rating scale that ranges from Aaa (highest quality) to C (lowest quality). Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks on the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. According to Moody's credit rating system, obligations rated 'B' are considered speculative and are subject to higher credit risk. A 'B' rating is the sixth highest of nine categories in Moody's rating system.

Moody's speculative grade liquidity ratings are on a rating scale that ranges from SGL-1 (best liquidity) to SGL-4 (weakest liquidity). According to Moody's speculative grade liquidity rating system, an issuer with an SGL-2 rating possesses good liquidity and is likely to meet its obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. According to the system, the issuer's ability to access committed sources of financing is highly likely based on Moody's evaluation of near-term covenant compliance.

Moody's corporate family ratings are long-term ratings that reflect the likelihood of a default on a corporate family's contractually promised payments and the expected financial loss suffered in the event of default. A corporate family rating is assigned to a corporate family as if it had a single class of debt and a single consolidated legal entity structure.

A probability of default rating is a corporate family-level opinion of the relative likelihood that any entity within a corporate family will default on one or more of its long-term debt obligations.

Moody's long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

Moody's speculative grade liquidity ratings are opinions of an issuer's relative ability to generate cash from internal resources and the availability of external sources of committed financing, in relation to its cash obligations over the coming 12 months.

Fitch

In April 2023, Fitch Ratings affirmed Hudbay's Long-Term Issuer Default Rating of 'BB-' and affirmed our Rating Outlook as Stable. Fitch also affirmed our rating of 'BB-'/'RR4' for our Senior Unsecured Notes.

Fitch's credit ratings relating to issuers are an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings relating to securities and obligations of an issuer can include a recovery expectation. Credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested.

Fitch defines "investment grade" and "speculative grade" as shorthand to describe the categories 'AAA' to 'BBB' (investment grade) and 'BB' to 'D' (speculative grade), respectively, in-line with general industry practice. Investment grade categories indicate relatively low to moderate credit risk, while ratings in the speculative categories either signal a higher level of credit risk or that a default has already occurred. Credit ratings express risk in relative rank order, which is to say they are ordinal measures of credit risk and are not predictive of a specific frequency of default or loss.

Fitch's credit ratings do not directly address any risk other than credit risk. In particular, ratings do not deal with the risk of a market value loss on a rated security due to changes in interest rates, liquidity and other market considerations. However, in terms of payment obligation on the rated liability, market risk may be considered to the extent that it influences the ability of an issuer to pay upon a commitment. Ratings nonetheless do not reflect market risk to the extent that they influence the size or other conditionality of the obligation to pay upon a commitment (for example, in the case of index-linked bonds).

Fitch Long-Term issuer default ratings, as well as issue-level ratings, are on a rating scale that ranges from AAA (highest quality) to C (lowest quality). Within rating categories, Fitch may use modifiers. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to 'AAA' ratings and ratings below the 'CCC' category.

The instrument rating for an issuer's debt (whether secured, senior unsecured, or subordinated) is notched from the issuer's or guarantor's IDR. Rated entities with IDRs of 'BB–' and above usually have senior unsecured instrument ratings at the same level as the IDR, reflecting average (around 40%) rates of recovery across all sectors. For entities rated 'B+' and below, Fitch undertakes a 'bespoke' analysis of recovery upon default for each instrument. The resulting instrument rating reflects the Recovery Rating ("**RR**") (graded from 'RR1' to 'RR6'), and is notched from the IDR accordingly. Fitch divides the spectrum of recovery percentages from 0% to 100% within the six categories of RRs.

The credit ratings and stability ratings we received from S&P, Moody's and Fitch are not a recommendation to buy, sell or hold our securities and may be subject to revision or withdrawal at any time by any such credit rating organization. S&P, Moody's and Fitch each charged us a fee in respect of the credit ratings service they provided.

DIVIDENDS

Since September 2013, we have paid a semi-annual dividend of C$0.01 per share in March and September of each calendar year. At all times, the declaration of dividends is subject to the discretion of our Board of Directors.

MARKET FOR SECURITIES

PRICE RANGE AND TRADING VOLUME

Our common shares are listed on the TSX and the NYSE under the symbol "HBM". The volume of trading and the high and low trading price of our common shares on the TSX and NYSE during the periods indicated are set forth in the following table.

	Trading of Common Shares on TSX			Trading of Common Shares on NYSE		
Period (2023)	**High (C$)**	**Low (C$)**	**Volume (common shares)**	**High ($)**	**Low ($)**	**Volume (common shares)**
January	8.47	6.82	31,384,544	6.34	5.02	71,350,565
February	7.71	6.04	27,409,020	5.80	4.30	44,929,590
March	7.41	5.89	27,525,333	5.44	4.26	57,888,932
April	7.35	6.60	33,858,867	5.49	4.86	68,282,262
May	7.14	5.61	33,177,391	5.35	4.12	40,354,626
June	6.99	5.83	34,305,442	5.22	4.31	37,370,388
July	7.92	6.04	40,857,488	6.01	4.52	62,476,642
August	7.83	6.27	27,088,716	5.90	4.61	58,176,449
September	6.98	6.13	28,958,891	5.15	4.53	50,986,701
October	6.58	5.81	23,921,829	4.84	4.20	43,790,826
November	6.61	5.46	27,386,113	4.83	3.94	52,374,024
December	7.60	6.13	19,281,499	5.76	4.51	35,681,599

On March 26, 2024 (being the final trading day prior to the date of this AIF), the closing prices of our common shares on the TSX and NYSE were C$9.18 and $6.74 per common share, respectively.

PRIOR SALES

The following table summarizes the issuance of unlisted securities by Hudbay in the most recently completed financial year.

Date Issued	Type of Security	Amount Issued[1][6][7]	Exercise Price
January 15, 2023	Hudbay DSUs[2]	47,729	N/A
February 28, 2023	Hudbay PSUs[3]	580,275	N/A
February 28, 2023	Hudbay RSUs[4]	873,371	N/A
February 28, 2023	Hudbay Options[5]	801,661	$6.75
March 24, 2023	Hudbay PSUs[3]	1,777	N/A
March 24, 2023	Hudbay RSUs[4]	2,834	N/A
March 24, 2023	Hudbay DSUs[2]	2,140	N/A
April 15, 2023	Hudbay DSUs[2]	52,318	N/A
July 15, 2023	Hudbay DSUs[2]	47,741	N/A
September 22,2023	Hudbay PSUs[3]	1,782	N/A
September 22, 2023	Hudbay RSUs[4]	2,760	N/A
September 22, 2023	Hudbay DSUs[2]	2,299	N/A
October 15, 2023	Hudbay DSUs[2]	58,245	N/A

Notes:

(1) Where partial Hudbay DSUs, Hudbay RSUs or Hudbay PSUs have been issued on the dates listed in the table above, the "Amount Issued" for each such partial issuance of units has been rounded to the nearest whole number.

(2) Hudbay DSUs are issued to members of the Hudbay board of directors from time to time as equity-based compensation. Hudbay DSUs are vested at the time of the applicable grant, but they are not paid out until after a director departs the Hudbay board of directors, at which time they are paid out in cash equal to the number of Hudbay DSUs held multiplied by the price of the Hudbay common shares ("**Hudbay Shares**") at the time the Hudbay DSUs are paid. When dividends are paid on Hudbay Shares, holders of Hudbay DSUs receive dividend equivalents, which entitle the holder to the number of additional Hudbay DSUs equal to the number of Hudbay DSUs held multiplied by the per share amount of the dividend, divided by the price of Hudbay Shares at the time the dividend is paid.

(3) All Hudbay PSUs are notional units that are each redeemable for a Hudbay Share or a cash amount equal to the value of a Hudbay Share at the vesting date. Hudbay PSUs vest after three years and have performance-based conditions based on a mix of relative total shareholder return, as to 75% of the applicable grant, and return on invested capital, as to 25% of the applicable grant.

(4) All Hudbay RSUs are notional units that are each redeemable for a Hudbay Share or a cash amount equal to the value of a Hudbay Share at the vesting date. All Hudbay RSUs listed in the chart above vest after three years.

(5) All Hudbay Options vest in equal installments over three years and remain exercisable for seven years.

(6) In connection with the CMMC Transaction, Hudbay issued replacement options to former holders of CMMC options in accordance with the terms of the CMMC Transaction, all of which were settled in cash shortly after issuance and none of which remain outstanding. As a result, such replacement options are not reflected in the chart above.

(7) Additionally, after completion of the Rockcliff Transaction, each holder of certain pre-existing Rockcliff warrants became entitled to receive Hudbay Shares in lieu of Rockcliff common shares and are not reflected in the chart above. If exercisable in accordance with their terms, the number of Hudbay Shares that each such holder is entitled to receive is equal to the number of Hudbay Shares that would have been received if such holder exercised its pre-existing Rockcliff warrants immediately prior to the effective time of the Rockcliff Transaction. As of December 31, 2023, warrants exercisable for up to 457,617 Hudbay Shares remain outstanding.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Carol T. Banducci *Mississauga, Ontario, Canada*	Director since: May 4, 2017 Committee membership: • Audit Committee (Chair) • Compensation and Human Resources ("**CHR**") Committee	Ms. Banducci retired as Executive Vice President and Chief Financial Officer of IAMGOLD Corporation on March 31, 2021. She joined IAMGOLD in July 2007, and, as EVP and CFO she was involved with developing and driving strategy and capital allocation and oversaw all aspects of the company's finance, information technology and investor relations functions. She is currently a corporate director.
Igor Gonzales *London, England*	Director since: July 31, 2013 Committee memberships: • Environmental, Health, Safety and Sustainability ("**EHSS**") Committee • Technical Committee	Mr. Gonzales has more than 30 years of experience in the mining industry. He joined Appian Capital as Chief Operating Officer in June 2020 following over three years as President and CEO of Sierra Metals. Prior to that, he was with Compañia de Minas Buenaventura S.A.A. from November 2014 to May 2017, serving as Vice President of Operations and Barrick Gold Corporation from 1998 to 2013, serving as President of Barrick Gold South America for seven years, and later as Executive Vice President and Chief Operating Officer.
Jeane L. Hull *Rapid City, South Dakota, United States*	Director since: June 20, 2023 Committee memberships: • EHSS Committee • Technical Committee	Ms. Hull has more than 35 years of mining operational leadership and engineering experience, most notably holding the positions of Chief Operating Officer for Rio Tinto plc at the Kennecott Utah Copper Mine and Executive Vice President and Chief Technical Officer of Peabody Energy Corporation. She also held numerous management, engineering and operations positions with Rio Tinto affiliates. Prior to joining Rio Tinto, she held positions with Mobil Mining and Minerals and has additional environmental engineering and regulatory affairs experience in the public and private sectors. She is currently a corporate director and was previously on the board of directors of Copper Mountain prior to the CMMC Transaction in June 2023.
Sarah B. Kavanagh *Toronto, Ontario, Canada*	Director since: July 31, 2013 Committee memberships: • EHSS Committee (Chair) • Corporate Governance and Nominating ("**CGN**") Committee	Ms. Kavanagh is a corporate director and a former Commissioner at the Ontario Securities Commission, where she served from June 2011 through May 2016. Between 1999 and 2010, Ms. Kavanagh served in a number of senior investment banking roles at Scotia Capital Inc. She has also held senior financial positions in the corporate sector.
Carin S. Knickel *Golden, Colorado, United States*	Director since: May 22, 2015 Committee memberships: • CHR Committee (Chair) • EHSS Committee	Ms. Knickel served as Corporate Vice President, Global Human Resources of ConocoPhillips from 2003 until her retirement in May 2012. She joined ConocoPhillips in 1979 and held various senior operating positions in wholesale marketing, refining, transportation and commercial trading as well as leadership roles in planning and business development throughout her career in the U.S. and Europe. She is currently a corporate director.

Peter Kukielski *Toronto, Ontario, Canada*	Director since: May 7, 2019 Committee memberships: • None	Mr. Kukielski was appointed President and Chief Executive Officer in January 2020 after serving as Interim Chief Executive Officer since July 2019. Mr. Kukielski was President and Chief Executive Officer of Nevsun Resources Ltd. from May 2017 until its acquisition in December 2018. From 2013 to 2017, Mr. Kukielski was Chief Executive Officer of Anemka Resources and from 2008 to 2013, he was the Chief Executive, Mining for ArcelorMittal. From 2006 to 2008, Mr. Kukielski was the Chief Operating Officer of Teck Resources. From 2001 to 2006, he was with Falconbridge (originally Noranda) in senior roles, including Chief Operating Officer.
George E. Lafond *Victoria, British Columbia, Canada*	Director since: May 10, 2022 Committee memberships: • EHSS Committee • CGN Committee	Mr. Lafond was appointed to Hudbay's Board of Directors in May 2022 and is currently an independent strategic advisor. He is a citizen of the Saskatchewan Muskeg Lake Cree Nation in Treaty Six Territory and was appointed by the Government of Canada as the Treaty Commissioner of Saskatchewan. Mr. Lafond currently advises the Saskatchewan Indian Institute of Technology. In 2016, he received the Saskatchewan Order of Merit and in 2022, he received Queen Elizabeth II's Platinum Jubilee Medal.
Stephen A. Lang *Columbia, Missouri, United States*	Director since: October 3, 2019 Committee memberships: • CHR Committee • Technical Committee	Mr. Lang was appointed Chair of Hudbay's Board of Directors in October 2019. He was Chief Executive Officer of Centerra Gold Inc. from 2008 to 2012 and served as Centerra's Board Chair from 2012 to 2019. Mr. Lang has also held positions at Stillwater Mining Company, Barrick Gold Corporation, Rio Algom Limited and Kinross Mining Corporation. He is currently a corporate director.
Daniel Muñiz Quintanilla *Madrid, Spain*	Director since: May 7, 2019 Committee memberships: • Audit Committee • Technical Committee	Mr. Muñiz Quintanilla was a member of the Board of Directors and Executive Vice President of Southern Copper, previously acted as Executive President & Chief Executive Officer of Industrial Minera Mexico S.A. de C.V. and also acted as Chief Financial Officer of Grupo Mexico. He is currently a corporate director.
Colin Osborne *Burlington, Ontario, Canada*	Director since: May 2018 Committee memberships: • Technical Committee (Chair) • CHR Committee	Mr. Osborne is President and Chief Executive Officer of Samuel Son & Co. Limited, a $5 billion company focused on providing metal solutions to a variety of end markets. He joined Samuel Son & Co. in August 2015 and was recently elected to its board of directors. From October 2007 through June 2015, Mr. Osborne was Chief Executive Officer and President of Vicwest Inc., and prior to that he was Chief Operating Officer at Stelco Inc. where his duties included overseeing mining operations.
Paula C. Rogers *North Vancouver, British Columbia, Canada*	Director since: June 20, 2023 Committee memberships: • CGN Committee • Audit Committee	Ms. Rogers has more than 25 years of experience working with Canadian-based international public companies in the areas of corporate governance, treasury, mergers and acquisitions, financial reporting and tax strategy. Ms. Rogers has served as an officer of several public companies including Vice-President, Treasurer of Goldcorp Inc. and Treasurer of Wheaton River Minerals Ltd. Previous to those roles, she held various senior finance positions in corporate reporting, tax and treasury at Finning International Inc. over a period of nine years. Ms. Rogers is currently a corporate director and was previously on the board of directors of Copper Mountain prior to the CMMC Transaction in June 2023.
David S. Smith *West Vancouver, British Columbia Canada*	Director since: May 7, 2019 Committee memberships: • CGN Committee (Chair) • Audit Committee	Mr. Smith served as the Chief Financial Officer and Executive Vice President of Finning International Inc. from 2009 to 2014. Prior to joining Finning, Mr. Smith served as Chief Financial Officer and Vice President of Ballard Power Systems, Inc. from 2002 to 2009. Previously, he spent 16 years with Placer Dome Inc. (now Barrick) in various senior positions and 4 years with PriceWaterhouseCoopers. He is currently a corporate director.

The term of office for each director of the Company will expire upon the completion of the next annual meeting of shareholders of the Company.

Our executive officers as at the date of this AIF are listed below.

EXECUTIVE OFFICERS

Peter Kukielski *Toronto, Ontario, Canada* President and Chief Executive Officer	For biographical information for Mr. Kukielski, refer above to the heading "Board of Directors".
Eugene Lei *Toronto, Ontario, Canada* Chief Financial Officer	Mr. Lei was appointed Chief Financial Officer in October 2022 and is responsible for providing strategic financial and capital markets leadership to the Company. Since joining Hudbay in 2012, Mr. Lei has progressed through several senior management roles and executive responsibilities, most recently serving as Senior Vice President, Corporate Development and Strategy. Prior to joining Hudbay, Mr. Lei was Managing Director, Mining at Macquarie Capital Markets Canada, working as an advisor on global and domestic mergers and acquisitions and equity capital markets offerings.
André Lauzon *Toronto, Ontario, Canada* Chief Operating Officer	Mr. Lauzon was appointed Chief Operating Officer on January 4, 2022. Mr. Lauzon was previously Vice President, Arizona Business Unit from 2018 to 2021, following almost two years in the role of Vice President, Manitoba Business Unit. Mr. Lauzon has experience with both open pit and underground mines. He has worked in and supported projects and mines in a wide range of challenging locations and conditions, including Voisey's Bay in Newfoundland, Turkey, Alaska, Australia, Indonesia, Brazil, northern Ontario and the United States.
Patrick Donnelly *Oakville, Ontario, Canada* Senior Vice President, Legal and Organizational Effectiveness	Prior to being appointed to his current role as Senior Vice President, Legal and Organizational Effectiveness effective May 30, 2022, Mr. Donnelly served as Vice President, General Counsel for eight years. Prior to joining Hudbay in 2008, Mr. Donnelly practiced corporate and securities law at Osler, Hoskin & Harcourt LLP.
Javier Del Rio *Tucson, Arizona, United States* Senior Vice President, South America and USA	Mr. Del Rio was appointed Senior Vice President, South America and USA in March 2023. Mr. Del Rio previously served as Vice President, South America and USA, following over five years as Vice President, South America Business Unit from 2017 to 2022. Mr. Del Rio also previously served as Executive Director, Business Development - South America from 2010 to 2017. Mr. Del Rio has over 30 years of mining experience and has held management positions in business planning, optimization process, and business analysis with Newmont Mining Corporation in the United States and Peru.
Olivier Tavchandjian *Canmore, Alberta, Canada* Senior Vice President, Exploration and Technical Services	Mr. Tavchandjian was appointed Senior Vice President, Exploration and Technical Services in March 2023. Mr. Tavchandjian joined Hudbay in September 2017 and prior to his current role, served as Hudbay's Vice President, Exploration and Technical Services. Mr. Tavchandjian brings 30 years of experience in mineral resource and mineral reserve estimation and reporting, exploration, strategic and life of mine planning, technical support to operations and corporate development. Prior to joining Hudbay, Mr. Tavchandjian was VP, Resource Evaluation for Anemka Resources, the mining portfolio company of a large private investment firm.

Peter Adamek *Toronto, Ontario, Canada* Vice President, Finance	Mr. Adamek was appointed Vice President, Finance in May 2019, responsible for overseeing financial reporting and information systems and technology. Since joining Hudbay in 2010, Mr. Adamek has held several progressively senior management roles, most recently as CFO for the Arizona Business Unit. Mr. Adamek has over 20 years of experience in a broad range of fields including corporate finance, capital markets, equity research and public audit. Prior to joining Hudbay, Mr. Adamek worked in equity research with RBC Capital Markets.
Robert Carter *Burlington, Ontario, Canada* Vice President, Manitoba Business Unit	Mr. Carter was appointed Vice President, Manitoba Business Unit in April 2022. Prior to his current role, Mr. Carter served as the General Manager of our Manitoba mines since 2018 and previously held various other positions with the Company, including Manager of the Lalor mine in Manitoba and Director of Business Development and Technical Services in our corporate office. He has nearly 30 years of mining industry experience in technical, operational and senior leadership roles.
Mark Gupta *Toronto, Ontario, Canada* Vice President, Corporate Development	Mr. Gupta was appointed Vice President, Corporate Development in 2022. Since joining Hudbay in 2014, he has served in various corporate development roles. Mr. Gupta left Hudbay briefly in 2021 to serve as Lead Principal, Business Development at BHP, but returned to Hudbay in 2022 as Executive Director, Capital Planning and Operations Strategy before being appointed to his current role. Prior to first joining Hudbay in 2014, Mr. Gupta worked in various investment banking roles and holds a Chartered Financial Analyst designation.
John Ritter *Princeton, British Columbia, Canada* Vice President, British Columbia Business Unit	Mr. Ritter joined Hudbay in January 2024. Mr. Ritter brings a strong diverse expertise with over 30 years of mining industry experience in technical, operational and senior leadership roles. He has experience working for top-tier global mining companies, including Teck and Newmont. Most recently, he held the role as the General Manager of the New Afton mine near Kamloops, British Columbia.
Luis Santivañez *Lima, Peru* Vice President, South America Business Unit	Mr. Santivañez was appointed Vice President, South America Business Unit in November 2023. He first joined Hudbay in 2018 and was promoted to General Manager of the South America operations in 2022. With more than 25 years of experience in the mining industry, he has performed senior management and engineering roles across mining operations in Australia and Latin America. Prior to joining Hudbay in 2018, Mr. Santivañez was the Technical Services Manager and the Mining Manager at the Meandu and Boggabri mines in Australia and he also previously held mining engineering roles for BHP and Anglo American in open pit operations in Queensland, Australia.

As of March 26, 2024 (the final trading day prior to the date of this AIF), our directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, approximately 655,144 common shares, representing approximately 0.19% of the total number of issued and outstanding common shares.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS

Stephen A. Lang was a director of Hycroft Mining Corporation ("**Hycroft**"), (formerly Allied Nevada Gold Corp.) which, on March 10, 2015, together with certain of its direct and indirect subsidiaries, filed voluntary petitions of relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "**Delaware Bankruptcy Court**"). On October 8, 2015, Hycroft's Plan of Reorganization was approved by the Delaware Bankruptcy Court, and effective October 22, 2015, Hycroft completed its financial restructuring process and emerged from Chapter 11 bankruptcy.

Jeane Hull was the Executive Vice President and Chief Technical Officer of Peabody Energy Corporation (" **Peabody**") from April 2011 until her retirement on July 31, 2015. Peabody filed for Chapter 11 bankruptcy protection on April 13, 2016 and emerged from Chapter 11 protection on April 2, 2017.

Ms. Hull was also a director of Cloud Peak Energy Inc. (" **Cloud Peak**") from July 6, 2016 to October 24, 2019. Cloud Peak filed for Chapter 11 bankruptcy protection on May 10, 2019, received court approval for its plan to exit bankruptcy on December 5, 2019 and emerged from bankruptcy on December 17, 2019.

Ms. Hull was also a director of Trevali Mining Corporation (" **Trevali**") from January 2021 to September 2022. Trevali obtained an initial order from the Supreme Court of British Columbia under the *Companies' Creditors' Arrangement Act* (Canada) in August 2022. Trevali indicated that its financial position deteriorated significantly in 2022 due to a number of events and challenges which impacted operations and production. On September 6, 2022, Trevali's shares were delisted from the Toronto Stock Exchange. On June 28, 2023, a court-appointed monitor was granted enhanced powers in the proceedings with respect to Trevali's business and affairs.

Carin S. Knickel was a director of Whiting Petroleum Corp. (" **Whiting**") which, on March 31, 2020, together with certain of its subsidiaries, commenced voluntary Chapter 11 cases under the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "**Texas Bankruptcy Court**"). On September 1, 2020, Whiting announced that it has successfully completed its financial restructuring and emerged from Chapter 11 protection. Whiting officially concluded its reorganization after completing all required actions and satisfying the remaining conditions to its Plan of Reorganization.

Igor Gonzales and Daniel Muñiz Quintanilla are directors of Gatos Silver, Inc. (" **Gatos**"). On April 1, 2022, the Ontario Securities Commission issued a management cease trade order against the CEO and CFO of Gatos ordering each such executive officer to cease trading in the securities of Gatos until Gatos completed its annual continuous disclosure filings for the year ended December 31, 2021 as required by Ontario securities laws. Additional management cease trade orders were issued by the Ontario Securities Commission on April 12, 2022 and July 7, 2022 in connection with certain other delays in Gatos' financial reporting. On July 5, 2023, Gatos announced that, effective July 4, 2023, the Ontario Securities Commission fully revoked the management cease trade orders previously granted, as described further above.

CONFLICTS OF INTEREST

To the best of our knowledge, there are no known existing or potential conflicts of interest among or between us, our subsidiaries, our directors, officers or other members of management, as a result of their outside business interests, except that certain of our directors, officers, and other members of management serve as directors, officers, promoters and members of management of other entities and it is possible that a conflict may arise between their duties as a director, officer or member of management of Hudbay and their duties as a director, officer, promoter or member of management of such other entities.

Our directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and we will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of our directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance with the CBCA, and such individuals are expected to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. In addition, our Code of Business Conduct and Ethics requires our directors and officers to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and our interests.

AUDIT COMMITTEE DISCLOSURE

The Audit Committee is responsible for monitoring our systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents, monitoring the performance and independence of our external auditors, monitoring the performance of our internal audit function and the design and ongoing review of our risk management system. The Audit Committee is also responsible for reviewing our annual audited consolidated financial statements, unaudited consolidated quarterly financial statements and management's discussion and analysis of results of operations and financial condition for annual and interim periods prior to their approval by the full board of directors. There was no instance in the year ended December 31, 2023 where our board of directors declined to adopt a recommendation of the Audit Committee.

The Audit Committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee appointment and reporting to our board of directors. A copy of the current Audit Committee charter is attached hereto as Schedule C.

COMPOSITION

As at December 31, 2023, the Audit Committee consisted of Carol T. Banducci (Chair), Daniel Muñiz Quintanilla, Paula C. Rogers and David S. Smith.

Relevant Education and Experience

Each member of the Audit Committee is independent and financially literate within the meaning of NI 52-110 and has experience as a Chief Financial Officer or Treasurer of a publicly traded company. Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member.

Ms. Banducci retired as Executive Vice President and Chief Financial Officer of IAMGOLD Corporation on March 31, 2021. She joined IAMGOLD in July 2007, and, as EVP and CFO, she was involved with developing and driving strategy and capital allocation and oversaw all aspects of the company's finance, information technology and investor relations functions. From 2005 to 2007, Ms. Banducci was Vice President, Financial Operations of Royal Group Technologies. Previous executive finance roles include Chief Financial Officer of Canadian General-Tower Limited and Chief Financial Officer of Orica Explosives North America and ICI Explosives Canada & Latin America. Ms. Banducci has also completed the Institute of Corporate Directors, Directors Education Program. Ms. Banducci has extensive finance experience in capital markets, statutory and management reporting, audit, budgeting, capital programs, treasury, tax, acquisitions and divestments, pension fund management, insurance and information technology. She holds a Bachelor of Commerce degree from the University of Toronto.

Mr. Muñiz Quintanilla was a member of the Board of Directors and Executive Vice President of Southern Copper, previously acted as Executive President & Chief Executive Officer of Industrial Minera Mexico S.A. de C.V. and also acted as Chief Financial Officer of Grupo Mexico. In the past, he worked at the Law Firms Cortes, Muniz y Nunez Sarrapy, Mijares, Angotia Cortes y Fuentes, and Baker & McKenzie. He holds a Masters degree in Business Administration from Instituto de Empresa and a Masters degree in Financial Law from Georgetown University.

Ms. Rogers has more than 25 years of experience working with Canadian-based international public companies in the areas of corporate governance, treasury, mergers and acquisitions, financial reporting and tax strategy. Ms. Rogers has served as an officer of several public companies including Vice-President, Treasurer of Goldcorp Inc. and Treasurer of Wheaton River Minerals Ltd. Previous to those roles, she held various senior finance positions in corporate reporting, tax and treasury at Finning International Inc. over a period of nine years. Ms. Rogers holds a Bachelor of Commerce degree from the University of British Columbia and holds a Chartered Professional Accountant, Chartered Accountant designation.

Mr. Smith has more than 35 years of experience in financial and executive leadership roles, including by serving as the Chief Financial Officer and Executive Vice President of Finning International Inc. ("**Finning**") from 2009 to 2014. Prior to joining Finning, Mr. Smith served as Chief Financial Officer and Vice President of Ballard Power Systems, Inc. from 2002 to 2009. Previously, he spent 16 years with Placer Dome Inc. (now Barrick) in various senior positions and 4 years with PriceWaterhouseCoopers. Mr. Smith holds a Bachelor of Science degree in Business Administration, Accounting from California State University, Sacramento and has completed the Institute of Corporate Directors, Directors Education Program.

POLICY REGARDING NON-AUDIT SERVICES RENDERED BY AUDITORS

We have adopted a policy requiring Audit Committee pre-approval of non-audit services. Specifically, the policy requires that proposals seeking approval by the Audit Committee for routine and recurring non-audit services describe the terms and conditions and fees for the services and include a statement by the independent auditor and Chief Financial Officer that the provision of those services could not be reasonably expected to compromise or impair the auditor's independence. The Audit Committee may pre-approve non-audit services without the requirement to submit a specific proposal, provided that any such pre-approval on a general basis shall be applicable for twelve months. The Chair of the Audit Committee has been delegated authority to pre-approve, on behalf of the Audit Committee, the provision of specific non-audit services by the independent auditor where (a) it would be impractical for the services to be provided by another firm; or (b) the estimated fees associated with such services are not expected to exceed C$50,000. Any approvals granted under this delegated authority are to be presented to the Audit Committee at its next scheduled meeting.

REMUNERATION OF AUDITOR

The following table presents, by category, the fees billed by Deloitte LLP as external auditor of, and for other services provided to, the Company for the fiscal years ended December 31, 2023 and 2022, respectively.

Category of Fees	Fiscal 2023	Fiscal 2022
Audit fees	C$3,285,283	C$2,417,063
Audit-related fees	C$134,286	C$114,396
Tax fees	-	-
All other fees	C$110,000	C$97,500
Total	**C$3,529,569**	**C$2,628,959**

"Audit fees" include fees for auditing annual financial statements and reviewing the interim financial statements, as well as services normally provided by the auditor in connection with our statutory and regulatory filings.

"Audit-related fees" are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees", including audit work related to our pension, benefit and profit-sharing plans.

"All other fees" are fees for services other than those described in the foregoing categories. Management presents regular updates to the Audit Committee of the services rendered by the auditors as part of the Audit Committee's oversight regarding external auditor independence and pre-approved service authorizations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

LEGAL PROCEEDINGS

Hudbay is subject to three claims in the Ontario Superior Court in connection with its previous ownership of the Fenix project in Guatemala through its subsidiary at the time, Compañía Guatemalteca de Níquel S.A. ("**CGN**").

The first action was served in 2010. The plaintiff, Angelica Choc, asserts a claim of negligence against Hudbay and wrongful death, among other claims, against CGN in connection with the death of her husband Adolfo Ich Chaman on September 27, 2009. The plaintiff claims that the head of CGN security shot and killed Mr. Chaman during a confrontation between members of local communities, who were unlawfully occupying CGN property, and CGN personnel. The aggregate amount of the claim is C$12 million.

In the second action, served in 2011, eleven plaintiffs claim that they were victims of sexual assault committed by CGN security and members of the Guatemalan police and army during court ordered and state implemented evictions in January 2007 (before the project was acquired by Hudbay). These claims are asserted against Hudbay and its subsidiary at the time HMI Nickel Inc. The aggregate amount of the claims is C$55 million.

The plaintiff in the third action, German Chub Choc, claims that he was shot and permanently injured by the head of CGN security during the same events that gave rise to the claim brought by Ms. Choc. This action was served in October 2011. The aggregate amount of the claim is C$12 million.

We believe that all of the claims with respect to the Fenix project are without merit.

We are not aware of any litigation outstanding, threatened or pending against us as of the date hereof that would reasonably be expected to be material to our financial condition or results of operations.

REGULATORY ACTIONS

We have not: (a) received any penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority during the financial year; (b) received any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; and (c) entered any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as may be otherwise disclosed in this AIF, since January 1, 2021, none of our directors, executive officers or 10% shareholders and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect us.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common shares is TSX Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of our business, the following are the material contracts we entered into (i) within the last financial year or (ii) between January 1, 2002 and the beginning of the last financial year, which are still in effect:

1. the Precious Metals Purchase Agreement dated August 8, 2012, as amended, with Wheaton Precious Metals (previously Silver Wheaton), whereby we agreed to sell a portion of the precious metals production from our 777 mine to Wheaton Precious Metals;

2. the Amended and Restated Precious Metals Purchase Agreement dated November 4, 2013, as amended, with Wheaton Precious Metals (International) Ltd. ("**Wheaton International**", previously Silver Wheaton (Caymans) Ltd.), whereby we agreed to sell 100% of the silver production and 50% of the gold production from our Constancia mine to Wheaton International;

3. the Amended and Restated Precious Metals Purchase Agreement, dated as of February 8, 2019 between HudBay Arizona (Barbados) SRL, Hudbay, Wheaton International and Wheaton Precious Metals;

4. the Indenture dated as of September 23, 2020 with U.S. Bank National Association, as trustee, governing the Senior Unsecured Notes expiring in 2029;

5. the Indenture dated as of March 8, 2021 with U.S. Bank National Association, as trustee, governing the Senior Unsecured Notes expiring in 2026;

6. the Fifth Amended and Restated Credit Facility with the lenders party thereto from time to time and the Canadian Imperial Bank of Commerce, as administrative agent, dated as of October 26, 2021, as amended, providing for a four-year $300 million revolving credit facility;

7. the Third Amended and Restated Credit Facility with the lenders party thereto from time to time and the Canadian Imperial Bank of Commerce, as administrative agent, dated as of October 26, 2021, as amended, providing for a four-year $150 million revolving credit facility; and

8. Shareholders' Agreement made as of July 31, 2009 between Copper Mountain, MMC and Copper Mountain Mine (BC) Ltd., as amended.

QUALIFIED PERSONS

The scientific and technical information contained in this AIF has been approved by Olivier Tavchandjian, P.Geo., our Senior Vice President, Exploration and Technical Services. Mr. Tavchandjian is a qualified person 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 may be affected by any known environmental, permitting, legal title, taxation, sociopolitical, marketing or other relevant factors, please see the technical reports for our material properties as filed by us on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov.

INTERESTS OF EXPERTS

Olivier Tavchandjian, P.Geo., our Senior Vice President, Exploration and Technical Services, is an expert who has prepared certain technical and scientific reports for Hudbay. As at March 26, 2024 (being the final trading day prior to the date of this AIF), to our knowledge, Mr. Tavchandjian beneficially owns, directly or indirectly, less than 1% of our outstanding securities and has no other direct or indirect interest in our Company or any of its associates or affiliates.

The auditor of the Company is Deloitte LLP. Deloitte LLP is independent with respect to the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario and within the meaning of the Securities Act of 1933, as amended and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States).

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in our management information circular dated April 3, 2023. Additional financial information is provided in our financial statements and management's discussion and analysis for the fiscal year ended December 31, 2023.

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov.

SCHEDULE A: GLOSSARY OF MINING TERMS

The following is a glossary of certain mining terms used in this annual information form.

"mineral reserves"	That part of a measured or indicated mineral resource which could be economically mined, demonstrated by at least a preliminary feasibility study that includes adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral reserves are those parts of mineral resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the qualified person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral reserves are inclusive of diluting material that will be mined in conjunction with the mineral reserves and delivered to the treatment plant or equivalent facility. The term "mineral reserve" need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals. Mineral reserves are subdivided into proven mineral reserves and probable mineral reserves. Mineral reserves fall under the categories of proven mineral reserves and probable mineral reserves.
"preliminary economic assessment"	Means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources;
"proven mineral reserves"	That part of a measured mineral resource that is the economically mineable part of a measured mineral resource, demonstrated by at least a preliminary feasibility study that includes adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.
"probable mineral reserves"	That part of an indicated and in some circumstances a measured mineral resource that is economically mineable demonstrated by at least a preliminary feasibility study that includes adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
"mineral resources"	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources fall under the categories of measured mineral resource, indicated mineral resource and inferred mineral resource.
"measured mineral resource"	That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
"indicated mineral resource"	That part of a mineral resource for which quantity, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters and to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
"inferred mineral resource"	That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

SCHEDULE B: MATERIAL MINERAL PROJECTS

CONSTANCIA MINE

Project Description, Location and Access

We own a 100% interest in the Constancia mine in southern Peru. Constancia includes the Constancia and Pampacancha deposits and is located approximately 600 kilometres southeast of Lima. Geographic coordinates at the centre of the property are longitude 71° 47' west and latitude 14° 27' south.

We acquired Constancia in March 2011 through our acquisition of all of the outstanding shares of Norsemont Mining Inc. (" **Norsemont**"). We own a 100% interest in the 66 mining concessions (covering an area of 43,536 hectares) that comprise Constancia, all of which are duly registered in the name of our wholly-owned subsidiary, HudBay Peru S.A.C. Most of the known mineralization is located in the claims Katanga J, Katanga O, Katanga K, and Peta 7, though small mineralized outcrops are common throughout the area. All the mining concessions are currently in good standing. The annual concession fee payments of $3.00 per hectare are due on June 30 each year.

We have entered into life-of-mine agreements with the neighboring communities of Chilloroya and Uchucarcco. These agreements provide us the surface rights required for operations at both the Constancia and Pampacancha mine sites and specify our commitments to these local communities over the course of the mine life. In particular, the community agreements contemplated cash payments for the land access rights, as well as funds for facilitation of development projects and investment for local enterprises. The agreements also outline ongoing annual investments in community development including medical, educational and agricultural services and contemplate a bi-annual review of certain of the social development terms.

Hudbay has obtained approval of a third amendment to the Environmental and Social Impact Assessment (ESIA) (ESIA MOD III) that will allow for the optimization of the water balance and management plan, an alternate road for transportation of the concentrate, improvements to the TMF dike design criteria and other benefits. With the ESIA MOD III approved, the specific permitting processes and mine closure plan amendments will commence.

The Ministry of Energy and Mines authorized the start of the exploitation activities for the Pampacancha pit in December 2020.

Constancia and Pampacancha are subject to the following tax regime and agreement concerning mineral production:

1. Peruvian Tax Regime

Constancia is subject to the Peruvian tax regime, which includes the mining tax, mining royalty, 8% labour participation, corporate tax and IGV/VAT. The Special Mining Tax (" **SMT**") and the Mining Royalty ("**MR**") were introduced in late-2011 for companies in the mineral extractive industries. Both the SMT and the MR are applicable to mining operating income based on a sliding scale with progressive marginal rates. The effective tax rate is calculated according to the operating profit margin of the Company. Based on Constancia's expected life-of-mine operating profit margin, the effective SMT and MR tax rates are projected to be 2.90% and 2.90% of operating income over the life of the mine. The MR is subject to a minimum of 1% of sales during a given month.

2. Precious Metals Stream Agreement

100% of the silver production and 50% of the gold production from Constancia and Pampacancha is subject to our stream agreement with Wheaton Precious Metals, as described in this AIF.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Constancia and Pampacancha are accessible from Lima by flying to either Arequipa or Cusco and then proceeding by paved and gravel highway to the mine site, which in each case takes approximately seven hours. The closest town is Yauri (population 23,000), which is approximately 80 kilometres by road from the mine site. Copper concentrate is transported via Yauri to the Matarani port, which is approximately 460 kilometres by road from the mine site.

The climate of the region is typical of the Peruvian altiplano in which the seasons are divided into the wet season between October and March with slightly higher temperatures and a dry season during April to September with colder temperatures. Temperatures can dip below -10° Celsius and rise to 20° Celsius. The sun can be very strong with high ultraviolet readings being common during the mid-day period. There is a climate monitoring station installed at the mine site.

Elevations on the property range from 4,000 to 4,500 metres above sea level with moderate relief and grass-covered altiplano terrain. Slopes are typically covered with grasses at lower elevations. At higher elevations, talus cover is common with very little vegetation. The grasslands are used as pasture for animals and at lower elevations for some limited subsistence agriculture. Water resources are readily available from a number of year-round streams near the mine site.

The infrastructure includes the waste rock facility, tailings management facility, water management system, electrical power supply and transmission and improvements to the roads and port. The primary road to the site consists of a 70 kilometre sealed road (National Route PE-3SG) from Yauri to the Livitaca turn-off and approximately 10 kilometres of unsealed road (CU-764) from the Livitaca turn-off to site. These roads (and bridges) have been upgraded, as necessary, to meet the needs for construction and life of mine use.

The combined maximum demand for electricity by Constancia and Pampacancha is estimated to be 96 MW with an average load of 85 to 90 MW in the next 5 years. Electricity is supplied via the 220 kV Tintaya substation located about 70 kilometres from the mine site and a dedicated transmission line from this substation to Constancia.

Copper concentrate is shipped from the Constancia site via road (~490 kilometers) and arrives at the Matarani port in trucks. These trucks are equipped with a hydraulically operated covered-box hinged at the rear, the front of which can be lifted to allow the concentrate to be deposited in the concentrate shed assigned to Hudbay by TISUR, the port operator. These trucks can load up to 37 tonnes of Cu Concentrate. All concentrates are dumped into an enclosed receiving system specially designed for Hudbay. This receiving system includes sampling platforms, dump and screening hoppers, dust scrubbers, car wash system and a conveyor underground system that leads into an existing stacking system. Pier C has been assigned to Hudbay and has a 75 thousand tonne capacity, with a minimum of 30kt guaranteed. A chute from the shed will feed a conveyor system in a tunnel below. This feeds a tubular conveyor with a capacity of 1200 metric tonnes per hour capacity. The same conveyor and ship loading equipment is shared with other copper concentrate exporters.

History

The original Constancia property, consisting of 13 concessions, was obtained by Norsemont pursuant to an option agreement with Rio Tinto Mining and Exploration Ltd. ("**Rio Tinto**"). Norsemont acquired an initial 51% interest in the property from Rio Tinto in November 2007 and in March, 2008, Norsemont acquired the remaining 19% interest held by Rio Tinto. Norsemont acquired the 30% interest in the project from Mitsui Mining and Smelting Company Limited Sucursal Del Peru ("**Mitsui**") and 23 additional concessions were obtained by Norsemont in 2007 and 2008.

The San Jose prospect (which forms part of the Constancia deposit) was explored by Mitsui during the 1980s. Exploration consisted of detailed mapping, soil sampling, rock chip sampling, and ground magnetic and induced polarization surveys with several drill campaigns. Drilling was mainly focused on the western and southern sides of the prospect. Mitsui completed 24 drill holes (4,200 metres) and Minera Katanga completed 24 shallow close-spaced drill holes at San Jose (1,200 metres).

In 1995, reconnaissance prospecting by Rio Tinto identified evidence for porphyry style mineralization exposed over an area 1.4 x 0.7 kilometres, open in several directions, with some copper enrichment below a widespread leach cap developed in both porphyry and skarn.

In May 2003, Rio Tinto revisited the area and the presence of a leached cap and the potential for a significant copper porphyry deposit were confirmed.

The Rio Tinto exploration activities consisted of geological mapping, soil, and rock chip sampling, and surface geophysics (magnetics and induced polarization). Rio Tinto completed 24 diamond drill holes for a total of 7,500 metres.

Geological Setting, Mineralization, and Deposit Types

The Constancia deposit is a porphyry copper-molybdenum system which includes copper-bearing skarn mineralization. This type of mineralization is common in the Yauri-Andahuaylas metallogenic belt where several porphyry Cu-Mo-Au prospects have been described but not exploited. Multiple phases of monzonite and monzonite porphyry have intruded a sequence of sandstones, mudstones and micritic limestone of Cretaceous age. Structural deformation has played a significant role in preparing and localising the hydrothermal alteration and copper-molybdenum-silver-gold mineralization, including skarn formation. The skarn component of the mineralization is more prevalent along the Yanak fault on the western margin of the Constancia deposit. Recent drilling conducted in 2019-2020 has confirmed a 300m extension of both high grade skarn and shallow porphyry mineralization to the north of deposit into the Constancia North area. In 2021, Hudbay completed an internal positive scoping study which resulted in an inferred mineral resource estimate of 6.5 million tonnes at 1.2% copper in two high grade skarn lenses located below the open pit in the Constancia Norte area. The study concluded these two lenses could be mined by underground methods once the open pit has reached its final configuration in this area..

The Pampacancha deposit is a porphyry related skarn system, with copper-bearing skarn mineralization. This type of mineralization is common in the Yauri-Andahuaylas metallogenic belt where several skarn deposits have been developed, including Corocohuayco in the Tintaya District and Las Bambas.

The Constancia porphyry copper-molybdenum system, including skarn, exhibits five distinct deposit types of mineralization:

1. Hypogene fracture-controlled and disseminated chalcopyrite mineralization in the monzonite (volumetrically small);
2. Hypogene chalcopyrite (rare bornite) mineralization in the skarns (significant);
3. Supergene digenite-covellite-chalcocite (rare native copper) in the monzonite (significant);
4. Mixed secondary sulphides/chalcopyrite in the monzonite (significant); and
5. Oxide copper mineralization (volumetrically small).

Molybdenite, gold and silver occur within all these mineralization types.

Two areas of porphyry-style mineralization are known within the project area, Constancia and San José. At Constancia, mineralization is deeper than that observed at San José which occurs at surface. The mineralized zone extends about 1,200 metres in the north-south direction and 800 metres in the east- west direction.

The Pampacancha deposit is located approximately three kilometers southeast of the Constancia porphyry. The stratigraphy unit in the area is the massive, gray micritic limestone of Upper Cretaceous Ferrobamba Formation; this unit in contact with the dioritic porphyry generates a magnetite skarn, hosts economic mineralization of Cu-Au-Mo.

The intrusive rocks are Oligocene age unmineralized basement diorite. Diorite porphyry is recognized as the source for skarn mineralization, which in turn is cut by mineralized monzonite intrusions which provide minor local increases in Cu-Au mineralization. Skarn Cu-Au mineralization is best developed at the upper and lower margins of the limestone body.

Epithermal mineralization of the low sulphidation quartz-sulphides Au + Cu style, accounts for common supergene enriched Au anomalies, and along with other features such as hydrothermal alteration and veins typical of near porphyry settings.

Exploration

A geophysical Titan-24 survey was completed in July 2011 to the south of the Constancia deposit. In late 2013, an aeromagnetic and radiometric helicopter geophysical survey was carried out over an area of 80 square kilometers near Constancia.

A mapping and geochemical sampling program was completed between 2007 to 2014, where 20,789 hectares were mapped. Of the 20,789 hectares, 8,905 were mapped on Hudbay mining concessions, which represent 80% of the mining rights in the area.

Future exploration efforts are anticipated to focus on the Maria Reyna, Caballito and Kusiorco prospective satellite properties located within trucking distance of the Constancia mill, as described in this AIF. In August 2022, Hudbay executed an exploration agreement with the community of Uchucarco which allowed the company to start exploration activities over the Caballito property and a large portion of the Maria Reyna and Kusiorco properties.

Drilling

Extensive drilling has been conducted at the Constancia and Pampacancha deposits since the early 2000s. The most recent drilling programs were completed by Hudbay, with prior drilling programs conducted by Rio Tinto and Norsemont Mining. The various drilling campaigns conducted at Constancia and Pampacancha totaled 235,000 meters of drilling with approximately 95% of the drilling being conducted by diamond drilling (coring) methods and only 5% done by reverse circulation (RC).

Sampling and Analysis and Security of Samples

The sample preparation, analysis, security procedures and data verification processes used in the exploration campaigns on the Constancia mine prior to our acquisition were reviewed through the documentation available in previously filed technical reports and we have determined that the sampling methodology, analyses, security measures and data verification processes were adequate for the compilation of data at Constancia and Pampacancha and such processes continue to be used by us.

1,555 and 633 bulk density measurements were respectively used for the resource block models of Constancia and Pampacancha. These measurements were conducted at ALS Chemex, Certimin and Bureau Veritas laboratories using the paraffin wax coat method. These measurements are representative of the different rock and mineralization domains recognized to date.

During the Hudbay drilling campaigns conducted between 2011 and 2015, blanks were inserted into the sample stream as per geologist instruction at approximate intervals of every 30 samples. Standard references were prepared with material obtained from the Constancia and Pampacancha deposits by us and were analyzed and certified by Acme labs. Duplicates were obtained by splitting half core samples, obtaining two quarter core sub-samples, one quarter representing the original sample and the other quarter representing the duplicate sample. Duplicates were inserted approximately every 30 samples.

Between 2017 and 2019, 14% of blanks and 5% of standards were inserted at site, prior to dispatching the core boxes to Certimin, Bureau Veritas or SGS laboratories. In addition, 10% of all the pulps samples and 6% of all the coarse reject samples were reclaimed. 50% were resent to the initial laboratory and the other 50% were sent to an umpire lab for duplicate analysis. 5% of blanks, 5% of standards and 5% of duplicates were added to the re-analysis streams.

During the 2019-2020 drilling campaign, all the samples were prepared at the Constancia mine laboratory and dispatched to Bureau Veritas for ICP analysis. 15% blanks and 5% standards were inserted at site, before samples preparation and after samples preparation, to monitor both the sample preparation and the assaying. Finally, coarse and pulp rejects were reclaimed and re-assayed at Bureau Veritas Lima. Selected pulps were also dispatched to an umpire lab (SGS Lima). The inserted blanks and standards analyzed by Bureau Veritas and SGS were submitted as "blind".

During the 2021-2023 drilling campaigns, the samples were mostly prepared at the Constancia mine laboratory and only a small part was sent to Certimin laboratory due to time constraints. 87% of the samples were assayed at the Constancia mine laboratory which is operated by Bureau Veritas while the remaining 13% were assayed at Certimin. 11% blanks and 4% standards were inserted at site, before samples preparation and after samples preparation, to monitor both the sample preparation and the assaying. 4% of coarse and 4% of pulp rejects were reclaimed and re-assayed at Bureau Veritas Lima and Certimin (i.e,. umpire lab). Inserted blanks and standards analyzed by Bureau Veritas Lima were submitted as "blind".

Assay data was delivered in digital form by the laboratories. Checks for inconsistent values were made by the senior geologist before data was uploaded.

All lithological, alteration, geotechnical and mineralization data was logged on paper logs that were later entered in spreadsheets from where they were imported into the database. The data entry spreadsheets have a number of built-in logical checks to improve the validity of the database. We checked collar positions visually on plans and down-hole surveys were validated by examining significant deviations.

In 2017, 17 holes representing over 4,167 metres of sampling previously drilled by Norsemont and Hudbay and covering the full extent of the Constancia reserve pit were twined in order to further investigate the impact of suspected losses of fine material in the original drilling both on grade estimation and on the metallurgical model. The 2017 twin hole program evidenced an under-estimation bias in the copper grade in the historical drilling for the supergene portion of the Constancia deposit. A robust correction was developed to address this grade bias.

In 2020, Hudbay conducted a systematic revalidation of the drillhole database used in the MineSight software for resource modeling by comparing 5% of the entire database to the original laboratory certificates. From the 4089 samples tested, only 4 samples were found to have different values than in the original certificates representing 0.09% of the total and therefore the database can be considered very reliable. A comparison with the previous version of the resource modelling database used between 2014 and 2019 evidenced that element precision had been truncated to the second decimal place in the past resulting in an under-estimation in gold grade in the 2019 database and no significant differences for the other metals of economic interest. The under-estimation in gold grade is close to 10% and has been corrected, contributing to an improvement in the gold grade in the updated mineral resource and mineral reserve estimates.

Mineral Processing and Metallurgical Testing

The metallurgical responses of Constancia ore (ex: Hypogene, Supergene, Skarn, Mixed and High Zinc) is acceptable in terms of treatment rate, recovery and molybdenum and copper concentrate grades. For example, the copper grade in the final concentrate is higher than 26%, with acceptable levels of zinc, lead, iron, etc. The molybdenum concentrate produced is over 47% molybdenum with low contents of copper, lead, iron, etc. Metallurgical test work performed at laboratory and plant levels with Hypogene, Skarn, Supergene, High Zinc and Mixed ore from different polygons have enabled the operator to identify different reagents which show better performance according to each type of ore treated. Engineering studies continue to evaluate the addition of Pebble Crushers to the comminution circuit to address the increase in ore hardness of the hypogene ore.

Metallurgical testwork was finalized in 2021 for the Pampacancha ore and has confirmed the ore recovery and throughput assumptions currently used in the Life of Mine plan. Ore hardness (100 samples) and flotation response (40 samples) variability testing was completed on samples distributed throughout the mineable reserve.

For the production year 2023, the Constancia plant achieved an average copper recovery of 84.3%. Copper recoveries over the remaining life of mine are expected to range between 85% and 88% with an average of 85.5%, with variation based on ore type following the processing plant flow sheet improvements that have been successfully implemented in 2023, i.e. upgrade of the center launders in the flotation cells.

Mineral Resource and Mineral Reserve Estimates

The mineral resource and mineral reserve estimates for the Constancia and Pampacancha properties are effective January 1, 2024. Other than as disclosed in this AIF, there are no known metallurgical, environmental, permitting, legal, taxation, socio-economic, marketing or political issues that could reasonably be expected to materially impact the mineral resource and mineral reserve estimates.

Resource estimations for the Constancia and Pampacancha deposits are based on the most up to date geological interpretations and geochemical results from the drilling data currently available. Multi pass ordinary kriging interpolation setup was used to interpolate the grades in the block model while honouring the geology.

In 2023, a reconciliation between the reserve model and the reported production from the Constancia and Pampacancha mines credited by the mill showed excellent alignment on both copper and gold grade but with a reduction in tonnage of approximately 10% mostly due to unexpected waste zones not intersected from diamond drilling. Local adjustments were made to the mineralized envelopes used to construct the 2023 reserve model in order to better reflect these reconciliation results. Incorporating these changes reflected in the updated mineral reserve estimates, the reconciliation with production results was brought within very close limits on both tonnage and grade.

The component of the mineralization within the block model that meets the requirements for reasonable prospects of economic extraction was based on the application of a Lerchs-Grossman cone pit algorithm.

The updated mine production plan at Constancia and Pampacancha contains 705 million tonnes of waste and 548 million tonnes of ore, yielding a waste to ore stripping ratio of 1.3 to 1.0. Waste tonnage includes approximately 20 million tonnes of mineral resources not converted to mineral reserves as there is no room left in the tailings storage facility to continue to operate the mill using current design. This material constitutes an opportunity to further extend mine life and reduce the strip ratio to 1.2 to 1.0. An average life of mine mining rate of 71 million tonnes per annum, with a maximum of 83.0 million tonnes per annum through the first 17 years, will be required to provide the assumed nominal process feed rate of approximately 31 million tonnes per annum. The ore production schedule for the life of mine shows average grades of 0.264% Cu, 82 g/t Mo, 0.048 g/t Au and 2.69 g/t Ag.

Reconciliation of Reserves and Resources

Both the Constancia and Pampacancha resource models were updated in 2023 to incorporate results from the 2023 infill drill programs for each pit and to reflect reconciliation results between the reserve model and mill credited production for the mine. The mine plan was adjusted to incorporate an expansion of the Constancia pit resulting in the addition of a tenth phase of mining as well as local additions at the Pampacancha pit totaling 98 million tonnes of ore at 0.224% copper while also accounting for the 2023 mining depletion, delays in stripping at Pampacancha due to road blockades and other minor adjustments.

The reductions in measured, indicated and inferred open pit mineral resource estimates reflect the conversion to mineral reserve estimates. The underground inferred mineral resource estimates for Constancia Norte remain unchanged.

A year-over-year reconciliation of the estimated mineral reserves and resources at Constancia and Pampacancha is presented in the tables below.

Constancia & Pampacancha - January 1, 2024 (1)(2)(3)(4)(5)(6)						
Mineral Reserve Reconciliation (Proven & Probable)	**Tonnes**	**Cu (%)**	**Mo (g/t)**	**Ag (g/t)**	**Au (g/t)**	**Cu (t)**
A 2023 Mineral Reserve	492,100,000	0.299	85	2.99	0.060	1,473,000
B 2023 Production / Depletion (from Reserve)	(32,000,000)	0.485	140	3.69	0.165	(155,000)
C (A-B) = Depleted Reserve	460,100,000	0.286	81	2.95	0.053	1,318,000
D Reserves adjusted for new resource model	449,700,000	0.274	78	2.82	0.050	1,231,000
E Mine Planning Gain/(Loss)	98,000,000	0.222	79	2.08	0.039	217,000
F 2024 Mineral Reserve (D+E) including stocks	547,700,000	0.265	78	2.69	0.048	1,449,000

Mineral Resource Reconciliation (Exclusive of Mineral Reserves) Measured & Indicated	**Tonnes**	**Cu (%)**	**Mo (g/t)**	**Ag (g/t)**	**Au (g/t)**	**Cu (t)**
G 2023 Mineral Resource	268,400,000	0.222	69	2.18	0.045	597,000
H 2023 Depletion (conversion to Reserve)	0	0.000	0	0.00	0.000	0
I (G-H) = Depleted Resource	268,400,000	0.222	69	2.18	0.045	597,000
J Economic re-evaluation Gain/(Loss)	(96,900,000)	0.228	46	2.35	0.054	(221,000)
K 2024 Mineral Resource (I+J)	171,500,000	0.219	83	2.08	0.039	376,000

Mineral Resource Reconciliation (Exclusive of Mineral Reserves) Inferred	**Tonnes**	**Cu (%)**	**Mo (g/t)**	**Ag (g/t)**	**Au (g/t)**	**Cu (t)**
L 2023 Mineral Resource	57,600,000	0.268	83	1.88	0.045	154,000
M 2023 Mineral Resource (Depletion)	0	0.000	0	0.00	0.000	0
N (L-M) = Depleted Resource	57,600,000	0.268	83	1.88	0.045	154,000
O Economic re-evaluation Gain/(Loss)	(27,200,000)	0.309	99	1.10	0.030	(84,000)
P Constancia Norte underground resource	6,500,000	1.200	69	8.62	0.140	78,000
Q 2024 Mineral Resource (N+O+P)	36,900,000	0.402	68	3.65	0.072	148,000

Mineral Resource Reconciliation (Underground) Inferred	**Tonnes**	**Cu (%)**	**Mo (g/t)**	**Ag (g/t)**	**Au (g/t)**	**Cu (t)**
R 2023 Mineral Resource	6,500,000	1.200	69	8.62	0.140	78,000
S 2024 Mineral Resource	6,500,000	1.200	69	8.62	0.140	78,000

Notes:

1. Totals may not add up correctly due to rounding.
2. Mineral resources are exclusive of mineral reserves and do not have demonstrated economic viability.
3. Mineral resource estimates are based on resource pit design and do not include factors for mining recovery or dilution.
4. The open pit mineral resources are estimated using a minimum NSR cut-off of $6.40 per tonne and assuming metallurgical recoveries (applied by ore type) of 86% for copper on average for the life of mine, while the underground inferred resources at Constancia Norte are based on a 0.65% copper cut-off grade.
5. Mineral reserves are estimated using a minimum NSR cut-off of $6.40 per tonne at Pampacancha, $7.30 per tonne at Constancia and assuming metallurgical recoveries (applied by ore type) of 86% for copper on average for the life of mine.
6. Long term metal prices of $4.00 per pound copper, $12.00 per pound molybdenum, $1,700 per ounce gold, and $23.00 per ounce silver were used to confirm the economic viability of the mineral reserve estimates and to estimate mineral resources.

Mining Operations

The Constancia mine is a traditional open pit shovel/truck operation with two deposits: Constancia and Pampacancha. The operation consists of open pit mining and flotation of sulphide minerals to produce commercial grade concentrates of copper and molybdenum. Silver and a small quantity of payable gold reports to the copper concentrate. The Pampacancha deposit exhibits higher grades of copper and gold.

To match the production requirements, operations are conducted from 15 metre high benches using large-scale mine equipment, including: 10-5/8-inch-diameter rotary blast hole drills, 27 cubic metre class hydraulic shovels, 19 cubic metre front-end loaders, and 240 ton off-highway haul trucks.

Processing and Recovery Operations

In 2023, the processing plant achieved its nominal throughput capacity of 90,000 tonnes per day of ore (31 million tonnes per annum at 94% plant availability). The primary crusher, belt conveyors, thickeners, tanks, flotation cells, mills and various other types of equipment are located outdoors and are not protected by buildings or enclosures. To facilitate the appropriate level of operation and maintenance, the molybdenum concentrate bagging plant, copper concentrate filters and concentrate storage are housed in clad structural steel buildings.

The processing plant has been laid out in accordance with established good engineering practice for traditional grinding and flotation plants. The major objective is to make the best possible use of the natural ground contours by using gravity flows to minimize pumping requirements and to reduce the height of steel structures.

An instrumentation plan has enhanced the processing plant's performance with various initiatives implemented at different sub-process levels. These initiatives include video cameras at the apron feeder and belts, froth cameras at the flotation cells and a particle-size analyzer, all of which have been installed and commissioned. These initiatives were part of an overall automation plan integrated into the processing plant system.

Capital and Operating Costs

Growth capital expenditures include several projects at the mine and process plant while sustaining capital expenditures include capital required for major mining equipment acquisition, rebuilds, and major repair. The cost also includes site infrastructure expansion (Tailings Management Facility, Waste Rock Facility, etc.) and process plant infrastructure.

The forecasted life of mine capital and operating costs are set out in the Constancia Technical Report. Cost inflation, changes to the mine plan and other factors may cause these costs to fluctuate over the life of mine and, as such, Hudbay provides three year production guidance each year based on current assumptions. A guidance range for capital and operating costs is provided on an annual basis and the 2024 cost guidance was set out in Hudbay's news release dated February 23, 2024.

The information presented in this section is forward looking information. See "Cautionary Statement on Forward-Looking Information" and "Risks and Uncertainties" in this AIF.

Exploration, Development and Production

The Constancia mine commenced initial production in the fourth quarter of 2014 and achieved commercial production in the second quarter of 2015 while the Pampacancha mine achieved commercial production in the third quarter of 2021.

In addition, as described in the AIF, we acquired a large, contiguous block of mineral rights to explore for mineable deposits within trucking distance of the Constancia processing facility in 2018. Community agreements have been concluded with the community of Uchucarco in 2022 and with the community of Quehuincha in 2018 allowing Hudbay to start exploration activities on significant portions of the highly prospective Caballito, Maria Reyna and Kusiorco properties. The activities included necessary archeological, environmental and geological base line studies to support the drill permit application submitted for the Maria Reyna property and planned for submission for the Caballito property in the first half of 2024.

LALOR AND OTHER SNOW LAKE ASSETS

Project Description and Location

Lalor is a gold, zinc and copper mine near the town of Snow Lake in the province of Manitoba. Lalor is located approximately 200 kilometres mostly by paved highway east of Flin Flon, Manitoba. Lalor commenced initial ore production from the ventilation shaft in August 2012 and commenced commercial production from the main shaft in the second half of 2014.

The town of Snow Lake is a full-service community with available housing, hospital, police, fire department, potable water system, restaurants and stores. To house non-local employees during their work rotations, the Company provides a camp located in town which services Hudbay employees and contractors for the mine and mill operations. Other infrastructure in the area includes provincial roads, a 115 kV Manitoba Hydro power grid within four kilometres of Lalor and Manitoba Telecom land line and cellular phone service.

As described in this AIF, Hudbay operates two processing facilities in the Snow Lake area that process ore production from the Lalor mine The Stall concentrator produces zinc and copper concentrates and our recently refurbished New Britannia mill produces copper concentrate and gold/silver doré.

Following the closure of the Flin Flon zinc plant in mid-2022, the zinc concentrates produced from the Stall mill are sold to market.

In February 2019, Hudbay announced the discovery of the 1901 deposit located less than 1,000 metres from the existing ramp between the former Chisel mine and Lalor and benefiting from the proximity of existing infrastructure. In 2020 and 2021, Hudbay conducted infill drilling, metallurgical testing and a pre-feasibility study that confirmed the technical and economic viability of the indicated and measured portion of the mineral resource estimates at 1901 and highlighted the exploration potential to increase both the mineral resource and mineral reserve estimates through the discovery of a copper-gold rich feeder lens.

The WIM deposit was acquired by Hudbay in 2018 for approximately C$0.5 million. WIM is a copper-gold deposit that starts from surface and is located approximately 15 kilometres by road north of the New Britannia mill. Access is currently via a winter road, and so a year-round gravel road is required for accessing WIM from New Britannia. Powerlines along the access road will also be required to feed the underground electrical distribution system.

The New Britannia mine is a former producing gold mine that produced approximately 600,000 ounces between 1949 and 1958 and an additional 800,000 ounces between 1995 and 2005. Significant mineral resources remain accessible at New Britannia as well as in the nearby Birch and 3 Zone with some investment in the existing mining infrastructure, such as rehabilitating the existing portal and ramp development at 3 Zone.

3 Zone is currently accessible via road and located approximately 3 kilometres (by road) northwest of New Britannia mill. Like WIM, 3 Zone requires powerlines along the access road, and year-round maintenance to the access road to site. Other surface infrastructure needed to support mining activities at WIM and 3 Zone include maintenance and warehouse facilities, fuel farms and storage tanks, and a mine safety and crew lineup space and changehouse. It is envisaged that the main administration offices will be centralized at either the New Britannia mill or Lalor mine site.

Pen II is a low tonnage and high-grade zinc deposit that starts from surface and is located approximately 6 kilometres by road from the Lalor mine. Access is currently via winter road, with potential for an all-weather road to be established north of Lalor mine.

The Watts deposit is located approximately 100 kilometres by road from the Stall mill and is near existing Manitoba Hydro powerlines. It is between 50 and 900 metres below surface, and in 2019 Hudbay conducted a limited drill program which successfully extended the known high grade copper mineralization along the strike of the ore body.

For all the properties mentioned above, Hudbay owns a 100% interest. Aside from a 1.5% royalty on 3 Zone, there are no other royalties payable other than those potentially payable to the province. Surface rights are held under general permits and are sufficient for purposes of our development plans.

On September 14, 2023, Hudbay successfully completed its acquisition of Rockcliff. Rockcliff was one of the largest landholders in the Snow Lake area, with approximately 1,800 square kilometres across all its properties. Prior to the transaction, Rockcliff was Hudbay's 49% joint venture partner of the Talbot deposit. The Talbot deposit and the additional Rockcliff exploration properties provide further optionality and potential future feed sources for the Stall and New Britannia mills. In 2023, Hudbay also completed the acquisition of mineral claims in the Cook Lake area, which is also located within trucking distance of the existing Snow Lake processing infrastructure and which forms part of Hudbay's 2024 exploration strategy.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

At Lalor, the current project infrastructure includes a 3.5 kilometre main access road that was constructed in 2010 from provincial road 395 and provides access from the Chisel North mine site to the Lalor site. This access road includes a corridor with freshwater/discharge pipelines, tailings/discharge pipelines for the Paste Plant and a main hydro line. Access to the site is off paved provincial highway 392, which joins the town of Snow Lake and provincial highway 39 and provides access to Flin Flon.

The Snow Lake area has a typical mid-continental climate, with short summers and long, cold winters. Climate generally has only a minor effect on local exploration and mining activities. The project area is approximately 300 metres above sea level, consisting of ridged to hummocky sloping rocks with depressional lowlands, and has gentle relief that rarely exceeds 10 metres. The area of Lalor and surrounding water bodies (Snow, File, Woosey, Anderson and Wekusko lakes) are located in the Churchill River Upland Ecoregion in the Wekusko Ecodistrict.

We commissioned a 2,000 US gallon per minute water treatment plant in 2008 at Chisel Lake, approximately eight kilometres from Lalor, where water from the Lalor mine is treated in the Water Treatment Plant along with water from the Chisel Open Pit.

Tailings production associated with the Lalor mine is impounded in the Anderson Tailings Impoundment Area (" **TIA**") and a capacity expansion has been approved to accommodate our planned future operations.

Power for the site is being transmitted at 25 kV from the Lalor substation located at the Chisel North minesite via a 3.5 kilometre transmission line.

History

The Snow Lake area has a long exploration and mining history. Exploration in the Lalor-Chisel area has been occurring since the 1950s and the Chisel Basin area has hosted four past producing mines. This basin is also the host of the Lalor deposit. Lalor commenced initial ore production from the ventilation shaft in August 2012, only five years after its initial discovery hole and achieved commercial production from the main shaft in the third quarter of 2014.

Gold was first discovered in 1914 approximately 20 kilometres to the southeast of Snow Lake and in 1917, the Moose Horn-Ballast claims produced the first gold in Manitoba. First mine construction at the New Britannia site started in 1945 and in March 1949, the mine was opened as the Nor-Acme mine. Production continued until 1958. 4.9 million tonnes were mined at an average grade of 4.4 g/t and Nor-Acme mill recovered approximately 610,000 ounces of gold during this production period. TVX and High River formed a joint venture to reopen the mine and TVX became the operator. Full production from the main shaft was achieved in August 1996. Through various transactions, Kinross became the operator of the New Britannia mine-mill complex. Production ceased at the end of September 2004 and the mill was put on care and maintenance in 2005 due to a low gold price environment after producing 1.6 million ounces of gold.

Geological Setting

The Snow Lake deposits including Lalor are all located within the Trans-Hudson Orogen of the Flin Flon Greenstone Belt. The volcanic assemblages consist of mafic to felsic volcanic rocks with intercalated volcanogenic sedimentary rocks.

The volcanogenic massive sulphide (VMS) deposits located near the town of Snow Lake have been subdivided into two different groups: Cu-Zn-rich (Cu-Zn, Cu-Zn-Au) and Zn-Cu-rich (Zn-Pb-Cu-Ag) types. The Cu-Zn-rich deposits mainly occur in the Anderson sequence and the Zn-Cu-rich deposits occur in the Chisel sequence. The Watts and Talbot deposits, located east-southeast of the town of Snow Lake lies in the eastern portion of the Flin Flon-Snow Lake Greenstone belt and is a stratabound accumulation of sulphides that precipitated in a depositional environment similar to the base metal deposits of the Snow Lake mining camp.

Mineralization of the lode-gold vein-type deposits are hosted in the Amisk group mafic and felsics volcanic rocks which are structurally controlled and associated with shear zones, faults, fold hinges and axial planes that host simple to complex vein systems. The mineralization is associated with lithological contacts of contrasting properties in the sequence of interlayered volcanic and volcaniclastic rocks.

Drilling

At Lalor, over 5,674 drill holes totaling more than 826,089 metres have been included in the Lalor database to support the 2024 mineral resource and mineral reserve estimates.

Drilling supporting the 1901, Watts, Pen II and Wim mineral resource and mineral reserve estimates totals 85,448 metres, 25,000 metres, 2,000 metres and 43,000 metres, respectively.

For the New Britannia resource estimates including the 3 Zone and Birch zones, over 730,000 metres of drilling completed after 1995 was used. Drilling at all properties is a combination of NQ and BQ diamond drill holes, surveyed with either Reflex downhole tools or Gyro for deeper/longer holes.

Mineralization

The Lalor deposit and its associated 1901 satellite zone are interpreted as a gold enriched volcanogenic massive sulphide (" **VMS**") deposit that precipitated at or near the seafloor in association with contemporaneous volcanism, forming a stratabound accumulation of sulphide minerals. The depositional environment for the mineralization is similar to that of present and past producing base metal deposits in felsic to mafic volcanic and volcaniclastic rocks in the Snow Lake mining camp. The deposit appears to have an extensive associated hydrothermal alteration pipe.

The Lalor VMS deposit is isoclinaly folded and flat lying, with zinc mineralization beginning at approximately 600 metres from surface and extending to a depth of approximately 1,400 metres. The mineralization trends about 320° to 340° azimuth and dips between 30° and 45° to the northeast. It has a lateral extent of about 1,400 metres in the north-south direction and 780 metres in the east-west direction. Sulphide mineralization is pyrite, sphalerite and chalcopyrite. The current interpretation suggests the deeper copper-gold lens tends to have a much more linear trend to the north than the rest of the zones. Gold and silver enriched zones occur near the margins of the sulphide lenses and in local silicified footwall alterations. These silicified areas often correlate with disseminated stringer chalcopyrite, pyrrhotite and pyrite, whether together or independent of each other. This footwall gold mineralization is typical of VMS footwall feeder zones with copper-rich disseminated and vein style mineralization overlain by massive zinc-rich zones. The gold bearing lithologies remain open down plunge to the north and northeast.

The WIM deposit comprises a stratabound, semi-massive to massive sulphide lens with an adjacent stringer/disseminated sulphide zone. Mineralization is characterized by disseminated to massive, recrystallized and medium to coarse grained pyrite, pyrrhotite, chalcopyrite and minor sphalerite. The VMS mineralization extends from surface to 720 m below surface with a strike length of 725 m with an average thickness of 10 m. The WIM deposit is conformable to stratigraphy, trends to the northwest at a N310º azimuth, a 40-45º dip towards the northeast and a plunge of 40º to the north.

The Snow Lake Gold Properties including No. 3 and Birch zones belong to the quartz-carbonate vein gold subtype of orogenic lode gold deposits. This subtype of gold deposits consists of simple to complex quartz carbonate vein systems associated with brittle-ductile rock behaviour, corresponding to intermediate depths within the crust, and compressive tectonic settings.

At Watts, sulphide intersections can be up to 23m in core length, with a lateral extent of approximately 1,200m. Diamond drilling has intersected mineralization at depths of 850m below surface. Mineralization was intersected and interpreted as three lenses; Main Lens, Main Footwall Lens, and East Lens comprised of coarse-grained pyrite, pyrrhotite, chalcopyrite, sphalerite, and minor galena. The sulphides have generally been recrystallized to a coarse grain size, but sections of finer grained sulphides do occur.

The Pen II deposit comprises a stratabound, semi-massive to massive sulphide lens with an adjacent stringer/disseminated sulphide zone. Mineralization is characterized by disseminated to massive, recrystallized and medium to coarse-grained sphalerite, pyrite, pyrrhotite and minor chalcopyrite. The mineralization extends from surface to 500 m below surface. The current strike length of the deposit is 400 m with an average thickness of 4 m. The deposit is conformable to stratigraphy, trends to the northeast at a N40º azimuth, a 45-65º dip towards the northwest.

Sampling Methods

As per Hudbay's standard procedures in Snow Lake, drill core is logged, sample intervals selected and marked clearly on the core. The majority of exploration core is cut in half with a diamond saw and a representative portion of the hole is kept. Definition and delineation core is whole core sampled. All samples are placed in a plastic bag with its unique sample identification tag. The average length for the sample intervals is 0.9 metres. The core was photographed before samples were split and bagged for shipment before dispatch to the laboratories.

Sampling and Analysis

Sample preparation has been conducted at three different laboratories over time. Prior to 2016, a total of 160,804 drill core samples were analyzed at the Hudbay laboratory in Flin Flon. Copper, zinc, and silver were digested in aqua regia and analyzed by ICP-OES. Gold was determined by lead-collection fire assay fusion, for total sample decomposition, followed by atomic absorption spectroscopy (AAS) analysis. Fire assays were performed on 15 to 30g subsample pulps to avoid problems due to potential nuggetty gold. All samples with gold values (AAS) > 10 g/t were re-assayed using a gravimetric finish.

Since September 2016, nearly all samples are prepared and assayed at Bureau Veritas in Vancouver. All drill core samples have been sent for analysis at Bureau Veritas while the SGS laboratory in Vancouver was used as the umpire laboratory for quality control purposes. Copper, zinc and silver were digested in aqua regia and analyzed by inductively coupled plasma optical emission spectrometry (ICP-OES) and more recently in 2016 by inductively coupled plasma mass spectrometry (ICP-MS). Samples with copper and zinc over the upper limit of detection (ULD) were analyzed by titration, whereas those samples with silver values over the ULD were analyzed by fire assay and gravimetric finish. Gold was determined by fire assay followed by atomic absorption spectroscopy (AAS).

The sampling methodology, analyses and security measures used by the previous owners at New Britannia have been documented in the Technical Report produced by Genivar for Alexis Resources in 2011 and available on SEDAR. Most of the drill cores and chips assays from 1995 to 2003 from the New Britannia mine were completed at the on-site mill laboratory using a fire assay/atomic absorption finish (FA/AA) method. Standard, blank and duplicate assay samples were added to each batch of 21 samples for drill core and to each batch of 24 samples for chip samples. The sampling and analytical procedures conformed to the industry standards at the time, and these were adequate to ensure a representative determination for the type of gold mineralization identified on the property. In 2019, 6 holes drilled by Hudbay at 3 Zone confirmed previous drilling results.

As of January 1, 2024, a total of 112,341 density measurements were collected by Hudbay. These measurements were performed at the Flin Flon laboratory, Bureau Veritas laboratory or at Hudbay logging facility, using a non-wax-sealed immersion technique to measure the weight of each sample in air and in water and pycnometry methods.

Quality Assurance and Quality Control

Quality Assurance and Quality Control samples were inserted into the sample stream. Hudbay's practice in Lalor involves insertion of the following every 100 samples; 2 blanks, 5 duplicates, 5 standards. The exploration team in 1901 inserts 5 blanks, 5 duplicates and 5 standards per 100 samples.

Results from the QA/QC program for standards, blanks, duplicates and external checks show that the program has been working effectively for the Lalor, 1901, Watts, Pen II and Wim properties, meeting industry standards and the data used provides a representative and unbiased basis for resource modeling purposes.

Security of Samples

Security measures taken to ensure the validity and integrity of the samples collected consist of a chain of custody of drill core from the drill site to the core logging area. All facilities used for core logging and sampling are located on the mine site and all sample splitting and shipping activities are conducted by technicians under the supervision of Hudbay geologists. The sample results are stored on a secure mainframe based Laboratory Information Management System (LIMS). The diamond drill hole database is stored on the secure Hudbay network, using the acQuire database management system with strict access rights.

Mineral Processing and Metallurgical Testing

The Stall concentrator is an operating plant running at steady state and, as a result, several of the initial metallurgical test results and assumptions have been revised to reflect the recent operating experience and performance of the plant in processing the ore produced from the Lalor mine. The Stall concentrator is producing a copper concentrate grade of 18 to 20% copper at 83 to 85% recovery with gold and silver as co-products with historical recoveries of approximately 55 and 60% and a zinc concentrate grade of 51% zinc at 90 to 93% recovery also containing less than 5% of the gold in the mill feed.

In 2023, Hudbay proceeded to a significant investment at Stall including several improvements to the flowsheet resulting in uplift in the recovery of copper and gold in the copper concentrate to respectively 92% and 62%. The main changes to the flowsheet included the addition of Jameson cells to increase copper rougher and cleaner capacity, the addition of a talc pre-flotation circuit, an increase in the zinc circuit cleaning capacity and froth washing and an increase in recovery of free gold through the addition of a Knelson gravity concentrator on the copper regrind cyclone underflow.

Over the life of the Lalor mine, copper, gold and silver grade will increase and the average zinc grade will decrease. This trend will partially be offset in 2027, when the 1901 deposit is expected to enter production in a meaningful proportion to feed Stall with zinc rich mineralization.

In 2020 a metallurgical testwork program was conducted by Blue Coast Research to cover composites representing low grade, medium grade and high grade of the two zinc rich lenses of the 1901 deposit. A subsample of each of the composite samples was ground to a p80 of 100µm and submitted for mineralogical analysis. Mineralogical analysis and flotation tests were completed on each of the six composites and confirmed that the metallurgical performance of the Stall concentrator for the Lalor base metal lenses was applicable to the 1901 deposit, including the potential benefit of a lead recovery stage in the flotation circuit.

Commissioning of the New Britannia mill commenced in July 2021 and achieved commercial production in November 2021. Initial problems with the rod mill liner package and cyanide destruction circuit reduced plant availability until field rectifications were completed. After rectification work was completed, the New Britannia mill achieved and exceeded the steady state design throughput of 1,500 tonnes per day with copper, gold and silver recoveries meeting designed targets. Going forward, a throughput of 1,800 tonnes per day is assumed without negative impact on metal recovery.

Metallurgical testwork conducted in 2019 on WIM and 3 zone has confirmed that this mineralization is also amenable to successful beneficiation at the New Britannia mill. Four composites were created for each deposit and submitted for mineralogical, comminution and flotation as well as leach test work and gravity concentration in the case of 3 Zone. These tests have been used to confirm the copper, gold and silver recoveries applied in the life of mine plan for these two satellite deposits.

Mineral Resource Estimates

The mineral resource and mineral reserve estimates for the Lalor mine and all the other Snow Lake deposits are effective January 1, 2024. Other than as disclosed in this AIF, there are no known metallurgical, environmental, permitting, legal, taxation, socio-economic, marketing or political issues that could reasonably be expected to materially impact the mineral resource and mineral reserve estimates.

The mineral resources for Lalor, 1901, Watts, WIM, 3 Zone and Pen II are estimated either as base metal lenses or gold zones and classified as Measured, Indicated or Inferred resources, as described in the most recent technical report.

The construction of the mineralized envelopes was based on the type of mineralization intersected.

The resource is based on integrated geological and assay interpretation of information recorded from diamond drill core logging and assaying and underground mapping and is comprised of the following steps: exploratory data analysis, high-grade capping (when required), and estimation and interpolation parameters consistent with industry standards.

The block models were updated using both infill and exploration drilling conducted up until July 2022 using the methodology documented in the March 2021 Lalor and Snow Lake Operations Technical Report and validated to ensure appropriate honouring of the input data by the following methods:

- Visual inspection of the ordinary kriging ("**OK**") block model grades in plan and section views in comparison to composites grade;
- Comparison between the nearest neighbour and the OK methods to confirm the absence of global bias in the model; and
- Smoothing correction to remove the smoothing effect of the grade interpolation where necessary.

Hudbay uses a stringent approach to establish the potential for economic extraction of its resource reporting for underground deposits. With this approach, the potential for economic extraction of the mineral resource estimates are reported within the constraint of a 'stope optimization envelope'. This excludes small isolated individual blocks above the economic cut-off criteria from the resource estimate and includes some 'geological dilution' that would need to be included in the economic envelope to maintain minimum spatial continuity requirements to define mineable shapes.

The parameters used as input to define the stope optimization envelope cover all the relevant technical and economic constraints including minimum stope and waste pillar dimensions and a NSR value calculation for each block based on anticipated metal recoveries, long-term metal price forecast and operating and capital costs based on the 2023 Lalor mine and Stall and New Britannia concentrator budgets. Two NSR values are calculated for each block to assess and compare the value of the blocks going to the Stall mill (no material difference between the two) or going to the new Britannia mill. The mineral resource estimates are reported to ensure that each potential stope would cover all its associated operating mining and milling costs.

For the former New Britannia, mine and its satellite gold deposits, the historical resource estimates performed by Kinross and by Alexis Minerals followed a conventional and industry standard approach and have been independently validated in 2018 by WSP Engineering ("WSP"). The cut-off grades for the resource have been estimated over a 6-ft. minimum true width with a variable cut-off by zone. The variation in the cut-off grade is related to new mining versus remnant mining. Given that WSP had to rely on historical documentation for some of the technical information supporting the estimation of the mineral resource estimates, the tonnes and grades previously estimated by Kinross and Alexis Minerals as measured and indicated resources were downgraded to an inferred category. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mineral Reserve Estimates

The current mineral reserves were estimated based on a life of mine (" **LOM**") plan prepared using Deswik mine design software that generated mining inventory based on stope geometry parameters and mine development sequences. Appropriate dilution and recovery factors were applied based on cut and fill and longhole open stoping mining methods with a combination of paste and unconsolidated waste backfill material.

The following steps were followed in developing the reserve estimates at Lalor, 1901, WIM and 3 Zone:

- Calculate two payable (NSR) values for each individual block in the resource model depending on whether processing would occur at the Stall concentrator or at the New Britannia concentrator, using long-term metal prices, concentrator recoveries, metal payability and downstream smelter treatment and refining costs assumptions.
- Design stopes in the Deswik Stope Optimizer, considering depleted mineral resources, existing workings, resource categories and mine and mill operations costs. Dilution and recovery are estimated and applied at this step. Stopes are designed for both the Stall concentrator option and the New Britannia concentrator option.
- Considering grades, value and location in the mine, assign stopes to either Stall or New Britannia concentrator.
- Establish stope economics using a secondary NSR calculation where, along with mine and mill operations costs, mine capital, waste development and offsite administration costs are applied to each stope.
- Assign whether stopes can be upgraded to mineral reserves based on resource classification.
- Design ore development required for mining the reserves. Deplete development from the stopes. Interrogate grades of designed development for inclusion in mineral reserves. Sequence and schedule development and stope production for input to a financial Life of Mine (LOM) study to support mineral reserve economics.

The above methodology takes into consideration the different ore types and the milling options for the mine's future production and considers the various ore types found at these deposits.

The mineral reserve estimates exclude the mined out mineral resources, non-recoverable pillars (rib, post and sill) within mined out areas, mineral resources that are sterilized or not recoverable due to previous mining and stopes based on inferred mineral resource estimates.

Reconciliation of Reserves and Resources

Other than as disclosed in this AIF, there are no known metallurgical, environmental, permitting, legal, taxation, socio-economic, marketing or political issues that could reasonably be expected to materially impact the mineral resource and mineral reserve estimates.

The 2024 reserve estimates of 13.6 Million tonnes remains almost unchanged from 2023 after accounting for mining depletion of mineralization mined in 2023 grading above average reserve grade. High grade resource to reserve conversions and exploration gains have offset reductions related to the optimization of the mine plan through removal of lower grade dilution and low value reserves requiring significant development. The 2024 inferred mineral resource estimates reflect a reduction loss of approximately 2 million tonnes due to resource to reserve conversion and reduction of low value resources in base metal lenses.

Lalor Mine and 1901 - January 1, 2024 (1)(2)(3)(4)(5)(6)(7)(8)(9)					
Mineral Reserve Reconciliation (Proven & Probable)	**Tonnes**	**Au (oz)**	**Zn (t)**	**Cu (t)**	**Ag (oz)**
A 2023 Mineral Reserve	15,300,000	1,857,000	506,000	94,000	13,668,000
B 2023 Production (from Reserve)	1,520,000	232,000	46,000	13,000	1,200,000
C (A-B) = Depleted Reserve	13,780,000	1,625,000	461,000	81,000	12,468,000
D 2024 Reserve update	13,570,000	1,649,000	423,000	91,000	11,969,000
E (D-C) Gain/(Loss)	(210,000)	23,000	(37,000)	10,000	(499,000)

Mineral Resource Reconciliation Base Metal (Inferred)	**Tonnes**	**Au (oz)**	**Zn (t)**	**Cu (t)**	**Ag (oz)**
F 2023 Mineral Resource	2,260,000	122,000	127,000	7,000	2,327,000
G 2024 Resources update	1,040,000	57,000	57,000	3,000	1,053,000
H (G-F) Gain/(Loss)	(1,220,000)	(66,000)	(70,000)	(4,000)	(1,274,000)

Mineral Resource Reconciliation Gold Zones (Inferred)	**Tonnes**	**Au (oz)**	**Zn (t)**	**Cu (t)**	**Ag (oz)**
I 2023 Mineral Resource	5,360,000	881,000	15,000	77,000	4,047,000
J 2024 Resources update	4,580,000	695,000	12,000	64,000	3,315,000
K (J-I) Gain/(Loss)	(780,000)	(186,000)	(3,000)	(13,000)	(732,000)

Notes:

1. Totals may not add up correctly due to rounding.
2. Mineral resources are exclusive of mineral reserves and do not have demonstrated economic viability.
3. Mineral resources do not include factors for mining recovery or dilution.
4. Base metal mineral resources are estimated based on the assumption that they would be processed at the Stall concentrator while gold mineral resources are estimated based on the assumption that they would be processed at the New Britannia concentrator.
5. Long-term metal prices of $1,700 per ounce gold, $1.25 per pound zinc, $4.00 per pound copper and $23.00 per ounce silver with an exchange rate of 1.33 C$/US$ were used to confirm the economic viability of the mineral reserve estimates.
6. Long-term metal prices of $1,900 per ounce gold, $1.25 per pound zinc, $4.00 per pound copper and $23.00 per ounce silver with an exchange rate of 1.33 C$/US$ were used to estimate mineral resources.
7. Lalor mineral reserves and resources are estimated using a NSR cut-off ranging from C$146 to C$173 per tonne assuming a long hole mining method and depending on mill destination.
8. Individual stope gold grades at Lalor were capped at 10 grams per tonne. This capping method resulted in an approximate 3% reduction in the overall gold reserve grade at Lalor.
9. 1901 mineral reserves and resources are estimated using a minimum NSR cut-off of C$166 per tonne

The mineral reserve and resource estimates presented in this AIF for WIM, 3 Zone, Pen II, Watts, New Britannia Mine and Talbot remain unchanged from the prior year and are effective January 1, 2024. As a result, a detailed reconciliation has been omitted.

Mining Operations: Mine Planning

Lalor mine is a multi-lens, flat lying orebody with ramp access from surface and shaft access to the 955 metre level. Internal ramps located in the footwall of the orebody provide access between mining levels, with the mine currently developed to the 1,260 meters level in the Copper Gold lens 27. Stopes are accessed by cross-cuts from the major mining levels.

Power is provided to the mine via power cables located in the production shaft. The Chisel North mine ventilation system in sequence with the Lalor mine Downcast Raise, the Access Ramp and the Lalor mine Production Shaft provide a total of 955,000 cfm for ventilation purposes. Mine ventilation air is heated by direct fired propane heaters located at each of the intakes. Lalor mine's fresh water source is Chisel Lake. Mine water reports to the water treatment plant at Chisel Lake where it is treated and released. All water within the mine is collected in intermediary collection sumps and proceeds to the main collection areas via drain lines, drain holes or drainage ditches.

In 2023, Lalor achieved a total of 1.5 million tonnes of production while the mine continued ramp-up activities and Hudbay transitioned personnel and equipment from Flin Flon to Snow Lake following the closure of the 777 mine in June 2022.The life of mine plan continues to be based on steady state mine production of 5,300 tpd and gradually replacing 600tpd of trucking by hoisting 100% of the mine's production

Mining is done using mobile rubber tired diesel equipment. Load haul dump (" **LHD**") units vary from 8 to 10 cubic yards. Trucks are currently 42 to 65 tonne units that haul both ore and waste. Autonomous operation of a LHD loader underground is also completed from surface by tele-remote monitoring. Ore is directed to rock breakers located near the production shaft at the 910 metre level, where it is sized to 0.55 metre and conveyed to the shaft for hoisting to surface by two 16 tonne capacity bottom dump skips in balance.

Lateral advance is made in 4 m long segments (rounds), with typical dimensions of 6 metre wide by 5 metre high. Lateral drilling is completed with two boom electric hydraulic jumbo drills, each round requires approximately 80 holes. Following mucking, standard ground support is installed. Mine services, including compressed air, process water and discharge water pipes, paste backfill pipeline, power cables, leaky feeder communications antenna and ventilation duct are installed in main levels and stope entrances.

Two main mining methods are used at Lalor mine, cut and fill and longhole open stoping. Cut and fill methods include: mechanized cut and fill, post pillar cut and fill and drift and fill. Longhole open stoping methods include: transverse, longitudinal retreat and uppers retreat. Each mining area is evaluated to determine the most economic stoping method. In general where the dip exceeds 35° and the orebody is of sufficient thickness, longhole open stoping is used and lateral cut and fill mining methods are used in flatter areas. Approximately 80% of the mineral reserves are to be mined using the longhole open stoping methods, 15% through the cut and fill methods and 5% via development in ore. All stope mining is done using emulsion explosives.

The production is supported by a hoisting plant capable of 6,000 tonnes per day, transitioning to more bulk mining methods with additional mining fronts and implementing technology and automation processes to improve mining efficiencies, developing ore passes and transfer raises to reduce truck haulage cycle times from the upper portions of the mine. In addition, a paste backfill plant was commissioned in 2018.

Ore is received at the Stall concentrator, approximately 16 kilometres east of Lalor mine, and offloaded onto a dedicated stockpile at the mill depending on ore type. Ore is crushed in campaigns through a two-stage external crushing plan where the final product size is less than 19 millimeters. Ore crushed for processing through the Stall concentrator is directly conveyed to the fine ore bins or stockpiled. Ore crushed for processing through New Britannia is stockpiled ahead of haulage to the New Britannia concentrator.

Crushed ore is conveyed to Stall's two sequential rod and ball mill combinations operating parallel with each other. The mills feed a sequential flotation process where a bulk rougher copper concentrate is floated first. The copper rougher concentrate is reground, followed by three stages of cleaning producing a concentrate grading approximately 21% copper. The copper concentrate is either thickened and filtered to remove water, and is conveyed to concentrate storage onsite, or is pumped to the New Britannia filtration circuit. The stored copper concentrate is then loaded on to semi-tractor trailer trucks for transport to Flin Flon for transport by rail to third party smelters.

The tails from the copper circuit feed the zinc flotation circuit which produces a zinc rougher concentrate. This is followed by three stages of zinc cleaning which produces a concentrate grading approximately 51% zinc. Zinc concentrate is thickened and filtered and is conveyed to concentrate storage. After the Flin Flon zinc plant closure in mid-2022, Hudbay commenced selling the zinc concentrates produced from the Stall mill to market. Like the copper concentrate, the zinc concentrate is loaded on to semi-tractor trailer trucks for transport to Flin Flon for transport by rail to customers. Final tails from the Stall concentrator are currently pumped to the Anderson Tailings Impoundment Area (" **TIA**") for permanent disposal.

Crushed ore that is hauled to the New Britannia concentrator is side dumped into a loading pocket and conveyed to the fine ore bin. No stockpiling capacity is present at the New Britannia site. The crushed ore is conveyed to the single rod and ball mill line. The mill feeds a single flotation circuit where a copper concentrate is produced. The copper concentrate is thickened and filtered to remove water and is dropped into the concentrate storage on site. The tails from the flotation circuit feeds the tails leach circuit which produces a gold silver doré. The tails leach circuit utilizes a carbon-in-pulp flowsheet from which the tailings are treated to remove residual cyanide before pumping to the Anderson Tailings Impoundment Area ("**TIA**") for permanent disposal.

The paste plant is located northeast of the existing headframe complex at the Lalor mine and delivery capacity of the paste can achieve 165 tonnes per hour solids (tails) or 93 cubic metres per hour paste. The paste plant is designed to fill voids left by mining of approximately 4,500 tonnes per day. Taking into account waste generated from development in the LOM and the plan not to hoist waste from underground the combined paste/waste backfilling capacity is approximately 6,000 tonnes per day. The paste plant is capable of varying the binder content in the paste to provide flexibility in the strength gain of the paste where higher and early strength may be required depending on mining method.

Tails required for paste are diverted to the Anderson booster pump station. Capacity of the pumping station range from 110 to 130 tonnes per hour to allow for some variation in the output of tailings from the concentrator. The tailings are directed into the Anderson TIA when not required for the paste plant.

Two pipelines are installed between the Anderson booster pump station and the paste plant located at Lalor mine site, approximately a 13 kilometre distance. Paste is delivered underground via one of two - nominal 8 inch diameter, cased boreholes from surface to the 780 metre level the mine. Only one borehole is required during normal operation, with the second borehole available as a spare in the event of a plug or excessive wear on the primary hole.

A network of underground lateral piping and level to level boreholes transfer the paste from the base of the discharge hopper to the required underground locations.

Permitting and Environmental

The permits required for the current Lalor operation, including the Lalor mine, Stall concentrator, New Britannia concentrator and Anderson tailings facility have all been issued and remain valid.

At this time, there are no known environmental concerns which could adversely affect Hudbay's ability to operate the Lalor mine. Since the mine site is nearby existing facilities in the Snow Lake area, the Lalor mine was able to utilize infrastructure, services, and previously disturbed land associated with permitted, pre-existing and current mining operations in the Snow Lake area. The Lalor mine and associated projects are designed to minimize the potential impact on the surrounding environment by keeping the footprint of the operations as small as possible and by using existing licensed facilities for the withdrawal of water and disposal of wastes.

Initial proposals for baseline work at WIM have been prepared by AECOM. Once complete these environmental studies will form the basis of the required approvals needed to advance this project should it be deemed viable.

3 Zone is part of the New Britannia site. Significant environmental studies of the area are available, and additional environmental assessments would be utilized to augment our understanding of the property and any potential offsite impacts. Approvals to advance this project would be through Provincial regulators as part of an alteration of the existing Environment Act Licence for the property.

The 1901 deposit would leverage all existing surface and underground development near Lalor operations. Significant environmental baseline work has recently been conducted by AECOM and in conjunction with the significant amount past studies will be used to gain approvals for this development should it prove viable.

Based on Hudbay's long-term (more than 50 years) mining experience in the Snow Lake region, and baseline studies to date, there is no known First Nation or Aboriginal hunting, fishing, trapping or other traditional use of the land in the zone of potential influence for the Lalor mine and associated facilities. Post closure, all water quality and earthen structures will be monitored and inspected in order to ensure the sites' conditions meet the applicable regulatory requirements.

Capital and Operating Costs

The capital expenditures required to execute the LOM plan at Lalor and 1901 includes pre-production mine development for 1901, and the sustaining capital required to continue capitalized mine development activity and to replace/acquire mining equipment. The 1901 mine development plan is scheduled to start in 2024, followed by ramp-up to the maximum production rate in 2026. It is also envisaged that additional synergies with Lalor will exist and so reductions in mine equipment costs and personnel requirements are factored into the cost profile.

Other remaining capitalized expenditures included in the LOM plan relate to milling and environmental activities and growth projects such as the Stall mill recovery improvement program (discussed under "Mineral Processing and Metallurgy" above).

The forecasted life of mine capital and operating costs are set out in the Snow Lake Technical Report. Cost inflation, changes to the mine plan and other factors may cause these costs to fluctuate over the life of mine and, as such, Hudbay provides an annual guidance range each year based on current assumptions. The 2024 cost guidance is set out in Hudbay's news release dated February 23, 2024.

The information presented in this section is forward looking information. See "Cautionary Statement on Forward-Looking Information" and "Risks and Uncertainties" in this AIF.

Exploration, Development and Production

Since 2014, one exploration drift and one exploration ramp were developed at Lalor for a total of 1,891 metres. The development was undertaken to establish underground platforms to conduct exploration drilling on targets that could not be drilled from existing mine infrastructure.

Since 2017, exploration drilling at Lalor has both focused on adding and converting inferred mineral resource estimates with a strong emphasis on confirming the continuity of the gold mineralization.

Hudbay commenced a winter drill program in January 2024 with six drill rigs testing the down-dip gold and copper extensions of the Lalor deposit and one additional drill rig is following up on a mineralized intercept from the 2022 exploration drill program located within 400 metres of existing Lalor underground infrastructure.

With the inclusion of the New Britannia mill, net revenue at Lalor will shift from primarily zinc to primarily gold, positioning Lalor as a primary gold mine with significant zinc, copper and silver by-products. Revenue from precious metals through the remaining life-of-mine is expected to be approximately 65% of total revenue. Significant zinc and copper revenue provides diversified commodity exposure.

WIM and 3 Zone mine operations are scheduled for 24 hours per day, 365 days per year, with initial production from WIM scheduled to commence in 2030. A combined mining rate between 1,200 and 1,500 tonnes per day will match the New Britannia mill capacity and will provide an additional 8 years of operating life after the Lalor mine ceases operation. From 2030 to 2038, New Britannia is expected to operate at average feed grades of 2.2 grams per tonne gold and 1.3% copper, as the Lalor feed is replaced by WIM and 3 Zone.

WIM and 3 Zone Capital and Operating Cost Profiles

The WIM mine development plan contemplates construction activities occurring in 2029, followed by commissioning in 2030 and ramp-up to the maximum production rate by end of 2031. The capital expenditures required for refurbishing the existing mining infrastructures at 3 Zone have been grouped with the WIM sustaining capital expenditure and are estimated to be C$164 million, in aggregate from 2029 to 2037.

WIM and 3 Zone will be traditional long hole underground mining operation with waste backfill and ramp access. Ore from both deposits will be trucked using the same haul road to the New Britannia mill which is located 15 kilometres from WIM and 3 kilometres from 3 Zone. It is envisaged to use some of the spare equipment from Lalor as well as an already existing workforce. Given the short distance to the town of Snow Lake, there will be no need for an additional camp.

The information presented in this section is forward looking information. See "Cautionary Statement on Forward-Looking Information" and "Risks and Uncertainties" in this AIF.

COPPER MOUNTAIN & NEW INGERBELLE MINE

Project Description, Location and Access

After 15 years of care and maintenance, the Copper Mountain Mine (CMM) restarted operations at the CMM in mid-2011. Operations have continued since 2011 without major interruptions.

Hudbay's operations at the CMM include a series of open pits, an ore processing plant, waste rock facilities (WRF), a tailings management facility (TMF), and other ancillary facilities that support the operations.

The CMM is located 21 km from the town of Princeton and 180 km east of Vancouver, British Columbia (B.C.). The CMM property consists of 135 Crown-granted mineral claims, 145 located mineral claims, 14 mining leases, 12 fee simple properties, and 7 cell claims, which together cover 6,354 ha (63.5 km^2). All claims are controlled by Copper Mountain Mine (BC) Ltd. (CMBC), a joint venture owned 75% by Hudbay and 25% by Mitsubishi Materials Corp. (MMC). The claims straddle the Similkameen River, with New Ingerbelle on the river's west side and the Copper Mountain Main (CM Main) and Copper Mountain North (CM North) Pits on the east. The Hope-Princeton Highway (Highway 3) passes immediately west of the property.

The CMM is within the Traditional Territory of the Smilq'mixw People as represented by the Upper Similkameen Indian Band (USIB), in Hedley, and the Lower Similkameen Indian Band (LSIB). Hudbay respects USIB and LSIB's commitment to the principles of economic sustainability, environmental stewardship, and self-determination regarding Smilq'mixw Territory. Hudbay maintains a cooperative and respectful relationship with USIB and LSIB that is in keeping with these principles. To do so, Hudbay, USIB, and LSIB work together within the framework of a Participation Agreement (PA) signed with each Band. In October 2022, USIB and LSIB requested an amendment to the existing PA, which Hudbay is actively pursuing.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Almost all the CMM property area is accessible by highway, with the site served by a paved access road, local gravel roads, and those used for current mining. Electrical power from the provincial grid is connected to the property. Supplemental water for operations, in addition to water recycled from the TMF, is pumped from the Similkameen River. Property elevations range from approximately 770 m above sea level (masl) to 1,300 masl. The CMM area has a relatively dry climate, typical of B.C.'s southern interior. Summers are warm and dry, and winters are cool, with minor precipitation.

The Town of Princeton connects to the mine by way of an 18.4 km-long paved road, and a gravel road approximately 2.6 km long. The town has a population of approximately 3,000 and a diversified economy driven by mining, ranching, forestry, and tourism. The CMM operation is the predominant employer in the area. Princeton has services typical of its size; however, the mine's proximity to Vancouver, Kamloops, and other larger centres ensures that almost all the services required by mine operations are easily obtainable.

History

Initial exploration in the Copper Mountain area dates to around 1884. Underground mining began in 1923, when Granby Consolidated Mining, Smelting and Power Company (Granby) acquired the property and built a milling facility in Allenby (adjacent to Princeton). Between 1927 and 1957, Granby extracted around 31.5 Mt of economic mineralization with an estimated head grade of 1.08% Cu, as well as significant amounts of gold and silver, mostly from its underground operations. In 1972, Newmont began open pit mining operations at the Ingerbelle Pit. In 1988, Newmont sold the entire property to Cassiar Mining Corporation, which later became Princeton Mining Corporation. Mining operations ceased in 1996.

In 2006 Copper Mountain Mining Corp. (CMMC) acquired an option on the CMM property from Compliance Energy. Following large exploration and drilling programs in 2007 (138 diamond drill holes) and 2008 (275 diamond drill holes), CMMC exercised the option, and decided to work towards putting the property back into production.

In 2009, MMC and CMMC entered into a joint venture agreement in respect of CMM, pursuant to which MMC acquired a 25% interest in CMBC and the Copper Mountain Mine. In connection therewith, CMBC entered into an offtake agreement with MMC, pursuant to which CMBC agreed to sell 100% of the concentrate production from CMM to MMC.

Following extensive exploration and engineering studies, construction was initiated in early 2010, and the current phase of open pit mining began in 2011.

In June 2023, Hudbay acquired CMMC and became the 75% owner of CMBC and the Copper Mountain Mine.

Geological Setting, Mineralization, and Deposit Types

The CMM porphyry copper deposit lies near the southern end of the Quesnel Terrane, consisting of volcanic, sedimentary, and plutonic rocks. At CMM, the Nicola Group is cut by a suite of intrusive rocks including the composite Copper Mountain Stock (CMS), the Voigt Stock, and the slightly younger, polyphase, Lost Horse Intrusive Complex (LHIC).

The bulk of the known copper-gold mineralization at CMM occurs in a northwesterly trending belt of approximately 5 km long and 2 km wide. Copper-gold mineralization postdates the CMS and is temporally and spatially associated with the LHIC. Host rocks and mineralization in the mine area are cut by numerous late, north-south-trending felsite dykes. Sedimentary and volcanic rocks of the Eocene Princeton Group have been unconformably deposited on Nicola Group rocks and LHIC along the northern margin of the CMM and dip at about 30° to the north.

Alteration types in the CMM deposit are typical of porphyry copper deposits: potassic, sodic, and propylitic. Mineralization had been subdivided into four types, as follows:

- Disseminated and stockwork chalcopyrite, bornite, chalcocite, and pyrite in altered Nicola Group volcanic rocks and LHIC rocks
- Bornite-chalcopyrite associated with pegmatite-like veins (coarse masses of orthoclase, calcite, and biotite)
- Magnetite-(±hematite)-chalcopyrite replacements and/or veins
- Chalcopyrite-bearing magnetite breccias.

Due to Pleistocene glacial erosion most of the CMM deposits are characterized by a relatively fresh erosion surface, with limited surficial oxidation and no significant secondary enrichment of copper.

Copper Mountain is an alkalic porphyry copper-gold deposit, spatially and genetically associated with multiple pulses of volumetrically restricted, and compositionally varied, alkaline porphyry intrusions. Well known examples of alkalic porphyry deposits in B.C. include Copper Mountain, Afton/Ajax, Mt. Milligan, Mount Polley, Lorraine, Red Chris, and Galore Creek.

Exploration

The CMM has a long history of exploration and mining. Historical soil sampling and rock chip sampling were carried out, but there is limited information available on these historical geochemical surveys, and the surficial data are not relevant to the current Mineral Resource estimate.

Airborne geophysical surveys were flown within the CMM area in 1993 and 2014 while ground geophysical surveys were carried out 2007 and 2017. Data from these geophysical surveys have been used to support geological mapping, exploration, and interpretation of the CMM deposits.

The CMM deposits remain open at depth with also a number of undrilled exploration targets generated using a combination of geophysical, geochemical, and structural geology data.

Drilling

The majority of the Copper Mountain area historical drilling (1912-2007) was diamond drilling, with some percussion holes drilled in the 1950s and reverse-circulation (RC) holes drilled in 1994. Since 2007, the majority of the drilling has been diamond drilling, with some RC drilling carried out in 2021-2022. Drilling on the CMM completed to September 1, 2023, includes 6,041 core and percussion drill holes (647,642 m) and 281 RC drill holes (45,744 m), for a total of 6,322 drill holes (693,386 m).

A number of different drill-core diameters have been employed over the history of the CMM, including BX (36.6 mm core diameter for historical underground), NQ (47.6 mm core diameter), and HQ (63.5 mm core diameter). From 2007 onwards, the standard method of drilling was to start all holes with HQ core, then reduce to NQ core at depth. Core recoveries are typically between 90% and 100%, with local zones of lower recovery associated with fault zones.

Historical collar surveys used industry-standard theodolite instrumentation to establish local grid control. From 2007, drill-hole collars were surveyed using either a total station instrument or differential Global Positioning System.

Downhole survey data were absent in pre-1960 drill holes. Downhole dip data, presumably by acid tests, were included in drill data from 1960 to 1987. From 1988 to 1998, downhole surveys were obtained using a Pajari instrument, which provided both azimuth and dip data. From 2007, downhole surveys were obtained using digital REFLEX instruments (or similar systems) which were compass based.

Sample Preparation, Analyses, and Security

Hudbay has no information on quality assurance and quality control (QA/QC) procedures for historical (pre-2007) drill-hole data. However, since 2007 large drilling programs that included QA/QC measures have globally validated the historical data. Historical drill-hole data are also supported by more than 12 years of reconciled copper production and operational data.

From 2012 to 2022, sample preparation and primary analysis for copper and silver was carried out at the CMM laboratory. During this time, pulps from samples that returned >0.1% Cu in the CMM laboratory were routinely sent to a number of different independent laboratories for gold analysis, and on average 10% of these sample pulps were also analyzed for copper and silver. These check-assay results indicate that analytical data from the CCM laboratory are acceptable.

In all, 1,673 specific gravity measurements have been made on drill core samples, representing a range of lithology, alteration, and mineralization types, using the weigh-in-air/weigh-in-water technique. These measurements have confirmed the validity of the historical tonnage conversion factor used at the CMM operations of 2.78 t/m^3 for all rock types, which has also resulted in reasonable reconciliation with historical mine production.

Hudbay has no information on sample security measures prior to 2007. From 2007, samples have been stored in secure areas at the mine site. No significant security issues have been identified. CMM exploration staff continually verified data starting with the drilling programs in 2007-2008, which supported the mine restart in 2011, and continuing through the most recent 2022 drill program. Drill-hole data are also supported by more than 12 years of reconciled copper production and operational data.

Data Validation

There is no direct method for verifying historical (pre-2007) drill data. Although some drill cores remain on site, their condition does not allow for any systematic resampling or reanalysis. However, these historical data were obtained and compiled by major producing mining companies for mine design and production, and it is assumed that the data were acquired in the industry standard manner for their time. Despite this, Hudbay conducted global comparisons of assay results obtained from RC drilling and closely located diamond drilling in order to confirm the absence of sampling biases between the two drilling techniques.

In 2023, a major database migration to move all exploration project data into a cloud-based Seequent MX Deposit Database Management System has been completed. The 2023 project database has been extensively independently validated by Hudbay staff; the process included manual checks for transcription errors, data gaps, hole collar and assay interval locations, and downhole survey measurements.

From 2007 to 2022, QA/QC data were collected and regularly monitored, and do not indicate any problems with the analytical programs. However, QA/QC submission rates varied throughout this time, and from 2021 to early 2022 QA/QC insertion rates dropped below industry-accepted standards. To address this shortcoming, a half-core re-assay program was carried out by CMMC, representing a 5% check of primary analyses of >0.1% Cu from the 2021-2022 drilling program; the results of this re-assay program showed that the original assay results are acceptable. From March 2022, QA/QC insertion rates have met industry-accepted standards.

Hudbay personnel working under the supervision of the Qualified Person have visited the CMM area to conduct site inspections to become familiar with conditions on the property, observe the geology and mineralization, perform core review, and verify the work completed on the property as part of the Mineral Resource estimation and technical report process.

Mineral Processing and Metallurgical Testing

The metallurgical characteristics of the CMM deposits have been developed through extensive mill experience and ongoing on-site and off-site-based testing over the past decade which include comminution, flotation and concentrate characterization.

Feed sourced is competent and hard. To predict processing throughput, a conservative set of hardness values has been used based on recent plant performance from these active mining areas.

The copper-cleaner recovery has been consistent since the beginning of operations (2012) and is expected to remain within the 96% to 98% operating range, for a total copper recovery of 79% to 83%. Gold and silver are recovered as by-products by means of flotation. Historical production data from production records indicates that both gold and silver are correlated with overall copper recovery. There are currently no penalties associated with concentrates produced by the CMM concentrator. Moreover, there is no indication of any potential future concerns.

Mineral Resource and Mineral Reserve Estimates

A total of 693,386 m representing 6,322 holes has been used to construct the resource model for the CMM deposits. When gold and silver grade were not measured, they were calculated from the copper grade using robust regression formulae, by geological domain. Density was assigned a fixed value of 2.78 g/cm^3.

The CMM geological model was developed from an initial interpretation of six lithological domains. This geological framework was then used to model six continuous estimation-domains hosting the mineralization grading above 0.1% Cu. Post-mineralization barren dykes cross-cutting the mineralization were assigned a grade of zero, as they host minimal metal. In addition, former underground stopes filled with caved mineralization mixed with barren rocks were assigned a density of 2.0 g/cm^3 and an average grade of 0.12% Cu, and the gold and silver grade were estimated through regression formula from the copper grade. Areas that have been backfilled were assigned an average density of 1.9 g/cm^3 and a zero grade for all metals.

For each mineralized envelope, resource classification is based on the kriging slope of regression, which is a function of drill spacing, mineralization continuity, and mining block geometry. Distance to closest samples was also considered, as well as the search criteria during interpolation. Some local adjustments were made to produce resource category domains that are smoother and more continuous, while also considering the number and distance of the samples used for interpolation.

The mineral resource and mineral reserve estimates for Copper Mountain are effective January 1, 2024. Other than as disclosed in this AIF, there are no known metallurgical, environmental, permitting, legal, taxation, socio-economic, marketing or political issues that could reasonably be expected to materially impact the mineral resource and mineral reserve estimates.

The Proven and Probable Mineral Reserve estimates at the CMM total 367 Mt at a copper grade of 0.25% that supports a 21-year mine life. The mine plan is based on the capacity of the process plant, which in turn relies on the grinding circuit throughput. The plant is permitted to process 50 kt/d.

Reconciliation of Reserves and Resources

On December 5, 2023, Hudbay released its first NI 43-101 technical report in respect of the Copper Mountain mine. Hudbay did not endorse previously published mineral resource and mineral reserve estimates for Copper Mountain and as a result no year-on-year changes are provided for this asset.

Mining Operations

CMM employs conventional open pit mining methods composed of blasthole drilling, blasting, shovel loading, and rigid-frame rear-dump-truck haulage.

Production schedules are based on achieving a tonnage of mill feed, which is constrained by the specified mining fleet, mineralization and waste-haul profiles, and calculated productivities.

The mine uses an NSR cut-off value of $5.67/t with an additional constraint of 0.10% Cu. Material above the NSR cut-off can be sent directly to the crusher, to a temporary high-grade stockpile, or alternatively to a low-grade stockpile when the copper grade is between 0.10% and 0.13% Cu, depending upon production rates of the various materials over a given time.

The projected mining fleet owned by Hudbay will move an average of 94 Mt/a from 2024 though 2026. In addition to the CMM fleet, it is projected that a contract miner will move an additional 40 Mt of material from mid-2024 to mid-2026 to maximize high-grade ore exposure. Following 2026, the material movement rate will decrease over time as waste stripping demands decrease. The estimated fleet will sustain the projected mill ramp-up production to 50 kt/d by 2027.

Processing and Recovery Operations

The processing plant consists of a standard crush-grind-flotation circuit that operates two shifts 12 h/d, 365 d/a, with targeted plant availability of 92%. The process plant has an installed capacity of 45 kt/d process via a comminution circuit consisting of a primary and secondary crushing circuit.

The comminution circuit is followed by a sulphide flotation circuit that produces a copper-silver-gold concentrate. The flotation tailings are transported to the TMF unthickened via a gravity pipeline, with the sands and slime separation occurring on the TMF's dam walls via mobile cyclone units. The concentrate is dewatered via two pressure filters and stored on site before transport via truck to the Port of Vancouver for shipment to the final customers.

The process plant throughput is planned to be stabilized at 45 kt/d throughout 2024-2025, followed by an expansion to 50 kt/d by 2027 via minor capital upgrades targeted at removing process bottlenecks in the primary and secondary crushing circuits, enabling a finer product to be fed to the grinding circuit.

Permitting and Environmental

The current B.C. *Mines Act* M-29 permit, issued and enforced by the B.C. Ministry of Energy, Mines, and Low Carbon Innovation (EMLI) authorizes the mine and reclamation plans, tailings, and WRFs, site roads, and water management. It also contains requirements for reclamation liabilities, closure-cost estimates, and associated reclamation bonding.

The *Mines Act* M-29 permit (and effluent and air emissions permits) will require amendments based on the CMM LOM plan and Hudbay's plans to develop New Ingerbelle, but no federal authorizations are required. The permit application is advancing through a joint coordination authorization process through EMLI's Major Mines Office permit amendment process and will require consultation with potentially affected First Nations (including the USIB and LSIB).

Capital and Operating Costs

Growth capital expenditures include several projects at the mine and process plant while sustaining capital expenditures include capital required for major mining equipment acquisition, rebuilds, and major repair. The cost also includes site infrastructure expansion (Tailings Management Facility, Waste Rock Facility, etc.) and process plant infrastructure.

The forecasted life of mine capital and operating costs are set out in the Copper Mountain Technical Report. Cost inflation, changes to the mine plan and other factors may cause these costs to fluctuate over the life of mine and, as such, Hudbay provides three-year production guidance each year based on current assumptions. A guidance range for capital and operating costs is provided on an annual basis and the 2024 cost guidance was set out in Hudbay's news release dated February 23, 2024.

The information presented in this section is forward-looking information. See "Cautionary Statement on Forward-Looking Information" and "Risks and Uncertainties" in this AIF.

Exploration, Development and Production

Since completing the acquisition of Copper Mountain in June 2023, Hudbay has been focused on advancing its plans to stabilize the Copper Mountain mine over the next few years to improve reliability and drive sustainable long-term value. This includes increasing mining activities by remobilizing the idle mining fleet from 14 trucks to 28 trucks in operation at the end of 2023, accelerating stripping to access higher grades, and improving mill throughput and recoveries with a more consistent ore feed grade and several planned mill enhancement projects.

The proposed New Ingerbelle development plan involves renewing mining activities in the historical Ingerbelle open pit on the west side of the Similkameen River. The reserves from New Ingerbelle will be processed in the existing milling facility at Copper Mountain and the tailings generated from processing will also be stored at the existing TMF on the Copper Mountain side of the Similkameen River.

COPPER WORLD

Project Description, Location and Access

The Project is located within the historical Helvetia-Rosemont Mining District that dates to the 1800's. The deposits lie on the northern end and western foothills of the Santa Rita Mountain range approximately 28 miles (45 km) southeast of Tucson, in Pima County, Arizona, USA. The land is located within Townships 17, 18 and 19 South, Ranges 15 and 16 East, Gila & Salt River Meridian, Pima County, Arizona. The Project geographical coordinates are approximately 31º 86'N and 110º 77'W. Access to the Project is from Santa Rita and Helvetia Roads from the west and Highway 83, over and across Forest Service roads from the east.

The core of the Project Mineral resource is contained within the 132 patented mining claims and mill sites that in total encompass an area of 2,004 acres (811 hectares) (the "Patented Claims"). Surrounding the Patented Claims is a contiguous package of 1,866 unpatented mining claims and mill sites with an aggregate area of more than 22,416 acres (9,072 hectares) (the "Unpatented Claims"). Associated with the Patented Claims and Unpatented Claims are 81 parcels of fee (private) land consisting of approximately 3,461 acres (1,401 hectares) (the "Associated Fee Lands"). The area covered by the Patented Claims, Unpatented Claims and Associated Fee Lands totals approximately 27,721 acres (11,218 hectares).

The patented mining claims are considered to be private lands that provide the owner with both surface and mineral rights. The patented mining claim block, including the core of the mineral resource, is monumented in the field by surveyed brass caps on short pipes cemented into the ground. The fee lands are located by legal description recorded at the Pima County Recorder's Office.

Mineral Rights on US Forest Service and Bureau of Land Management (" **BLM**") lands have been reserved to Copper World, Inc., via the unpatented claims that surround the patented claims. Wooden posts and stone cairns mark the unpatented claim corners, end lines and discovery monuments, all of which have been surveyed. The unpatented claims are maintained through the payment of annual maintenance fees of $155.00 per claim, for a total of approximately $308,000 per year, payable to the BLM.

There is a 3% NSR royalty on all 132 patented claims, 603 of the unpatented claims, and one parcel of the Associated Fee Lands with an area of approximately 180 acres.

As discussed in the body of this AIF, the Copper World Project consists of the seven recently discovered Copper World deposits, along with the East deposit, and Hudbay's ownership in the Project is subject to a precious metals stream agreement with Wheaton Precious Metals.

History

The first recorded mining activity in the Helvetia-Rosemont mining district occurred in 1875. The Helvetia-Rosemont mining district was officially established in 1878. Production from mines on both sides of the Santa Rita ridgeline supported the construction and operation of the Columbia Smelter in Helvetia and the Rosemont Smelter in Old Rosemont. Copper production from the district ceased in 1961 after production of about 438,000 tons of ore containing 36,766,000 pounds of copper, 1,130,000 pounds of zinc and 361,600 ounces of silver.

By the late 1950s, the Banner Mining Company (Banner) had acquired most of the claims in the area and had drilled the discovery hole into the East deposit. In 1963, the Anaconda Mining Co. acquired options to lease the Banner holdings. Their exploration program demonstrated that a large-scale porphyry/skarn existed at the East deposit. Regional exploration also identifies targets at the Broadtop Butte and Peach-Elgin prospects.

In 1973, Anaconda Mining Co. and Amax Inc. formed a 50/50 partnership to form the Anamax Mining Co. In 1977, following years of drilling and evaluation, the Anamax joint venture generated a resource estimate of about 445 million tons of sulfide mineralization averaged 0.54% copper using a cut-off grade of 0.20% copper. In addition to the sulfide material, 69 million tons of oxide mineralization averaging 0.45% copper was estimated.

In 1979, Anamax carried out a resource estimate for the Broadtop Butte deposit located about a mile north of the East deposit. Their mineral estimate identified 9 million tons averaging 0.77% copper and 0.037% molybdenum. In 1985, Anamax ceased operations and liquidated their assets.

Asarco purchased the patented and unpatented mining claims in the Helvetia-Rosemont mining district from real estate interests in August 1988 and renewed exploration of the Peach-Elgin and initiated engineering studies on the East deposit. In 1999, Grupo Mexico acquired the Helvetia-Rosemont property through a merger with Asarco. 2004, Grupo Mexico sold the property to a Tucson developer.

In April 2005, Augusta purchased the property from Triangle Ventures LLC. Over the next several years, Augusta continued to evaluate the mineral potential and refine the economics of developing this resource.

Following the acquisition of the Project, Hudbay conducted infill drilling campaign between September 2014 and November 2015 in further efforts to gain a better understanding of the geological setting and mineralization of the East deposit and to collect additional metallurgical and geotechnical information. Drilling conducted by Hudbay was used in combination with previous drilling campaigns to build resource models that supported a Feasibility Study completed and documented in the 2017 Technical Report. The 2017 Technical Report included an estimate of the mineral reserves and mineral resources at the East deposit that is now considered to be a historical estimate.

After significant exploration success on its patented mining claims in 2020 and ongoing litigation uncertainty regarding the project design set forth in the 2017 Feasibility Study, Hudbay began to evaluate alternative design options to unlock value within this prospective district. This included remodeling the 2017 mineral resources, incorporating the new mineral resources from successful exploration results and completing new metallurgical testing work, which led to a comprehensive review of the mine plan, process plant design, tailings deposition strategies and permitting requirements for the new project.

In September 2023, Hudbay released a pre-feasibility study for Phase I of the Copper World project (the " **Copper World PFS**"). Phase I is a standalone operation requiring state and local permits only. Phase I has a mine life of 20 years, which is four years longer than the Phase I mine life that was presented in the previously published Copper World 2022 PEA, largely due to an increase in the capacity for tailings and waste deposition as a result of optimizing the site layout. A second phase, described in the 2022 PEA is expected to involve an expansion onto federal lands with an extended mine life and enhanced project economics. Phase II would be subject to the federal permitting process and was not included in the PFS results. See "Material Mineral Projects - Copper World" for further information regarding the PFS findings. The Copper World PFS also included an update of the mineral resource estimates exclusive of the mineral reserve estimates.

Geological Setting, Mineralization, and Deposit Types

The deposits are located in the Laramide belt, a major porphyry province that includes a number of other world class deposits. The deposits are located in the northern block of the Santa Rita Mountains dominated by Precambrian granite with slices of Paleozoic and Mesozoic sediments and small stocks and dikes of quartz monzonite or quartz latite porphyry that are related to porphyry copper and skarn mineralization. Tertiary faulting has significantly segmented the original stratigraphy juxtaposing mineralized and unmineralized rocks. Mineralization occurs as both copper oxides and sulfides in skarns and in the intrusive porphyry.

Genetically, skarns form part of the suite of deposit styles associated with porphyry copper centers. The skarns were formed as the result of thermal and metasomatic alteration of Paleozoic carbonate and to a lesser extent Mesozoic clastic rocks. Near surface weathering has resulted in the oxidation of the sulfides in the overlying Mesozoic units at the East deposit and near surface Paleozoic units at Copper World.

Mineralization is mostly in the form of primary (hypogene) copper, molybdenum and silver bearing sulfides, found in stockwork veinlets, and disseminated in the altered host rock at depth. Near surface, along structural zones, and in quartzite units oxidized copper mineralization is present. The oxidized mineralization occurs as mixed copper oxide and copper carbonate minerals. Locally, enrichment of supergene chalcocite and associated secondary mineralization are found in and beneath the oxidized mineralization.

Exploration

In October 2020, Hudbay resumed exploration drilling on targets at its Copper World private land claims located north and west of the East deposit. The drill program included drilling of targets proximal to the historic mines in the Broadtop Butte and Peach areas as well as greenfield drilling over the Elgin, Copper World (now referred to as the "West" deposit) and Bolsa areas.

In 2021, Hudbay expanded its exploration drilling efforts on its private land claims located northwest of the East deposit, now defined as the Copper World areas where small scale copper mining had been conducted between the late 19th century until the 1960's. Drilling confirmed the occurrence of both oxide and sulfide copper mineralization over 7 deposits including: Bolsa, Broad Top Butte, Copper World, Peach South Limb, North Limb, and Elgin deposits. The copper mineralization starts in most cases near surface and contains higher grades at shallower depth than at the East deposit. Hudbay continued to drill in 2022 with a focus on infill drilling to support the future conversion of mineral resource to mineral reserve estimates.

Drilling

Extensive drilling has been conducted at the Copper World deposits by several successive property owners. The most recent drilling was by Hudbay, with prior drilling campaigns completed by Banner Mining Company, Anaconda Mining Co., Anamax, ASARCO and Augusta. In total, 244,260 metres of drilling have been completed on the property. These drill holes were drilled using a combination of churn, percussion, reverse circulation and diamond drilling (coring) methods.

In all of the Hudbay's drilling campaigns, efforts were consistently made to obtain representative samples by drilling either H-size (2.5 inch or 63.5 mm diameter) or N-size (1.9 inch or 47.6 mm diameter) core. Reverse circulation drilling performed under Hudbay's ownership were excluded from mineral resource estimates in skarn mineralization due to a sampling representativity issue. Some limited reverse circulation drilling conducted in the porphyry mineralization was retained as valid and used for resource modeling purposes..

Sampling, Analysis, and Data Verification

The Sampling, Analysis and Data Verification results has been discussed in length in the last technical report published on SEDAR in 2023, therefore, only a high-level description will be presented here.

Sample preparation, security, and analytical procedures used by Augusta and Hudbay since 2005 meet current industry accepted standards. QA/QC procedures including the use of certified reference material, blanks and interlaboratory checks on pulp duplicates have resulted in acceptable precision, accuracy, and contamination level. Statistical comparisons and database entry checks of older historical drilling data did not identify any significant biases or database quality issues. Specific gravity was measured in laboratories using water displacement on core and validated with box weight measurements to derive in-situ density estimates for each mineralization domain.

Mineral Processing and Metallurgical Testing

Numerous metallurgical tests were performed, notably confirmation: testing of the tests conducted by Augusta, comminution, JK drop-weight, SAG Power Index and Bond ball mill work index tests to assess the hardness of the material, mineralogical and metallurgical testing of the oxide material on the Peach, Elgin and Broadtop Butte deposits and also on the East deposit transitional zone mineralization where copper occurs as secondary copper sulfides and copper oxides.

The test work demonstrated that copper-molybdenum separation was achievable but due to the limited amount of test work done to date, Molybdenum recovery estimates are based on industry benchmarking and assume 50% recovery to a 50% molybdenum concentrate.

Through the course of all the mineral processing and metallurgical testing, no deleterious elements were found to have a negative impact on plant performance or on the marketable value of the copper and molybdenum concentrates to be produced at the Project.

On the basis of the body of testwork that exists, including both the historical testwork, and the testing programs completed by Hudbay since the acquisition of the property, forecasts of recovery, concentrate grade and quality, as well as characteristics of the resultant tailing product have been developed. Metal recovery regressions were established for each deposit as a function of the ratio between copper in oxides and total copper.

Mineral Resources Estimate

Hudbay used three-dimensional models of lithological units and mineralization envelopes constructed in Leapfrog Geo™ software using an 'implicit modeling' approach. A wireframe model of the 0.10% Cu grade shell was also constructed in Leapfrog Geo™. The selection of this copper grade thresholds for modelling was based on visual inspection of the spatial and statistical grade distribution. The grade shell includes mineralization grading less than 0.10% Cu where it was deemed necessary in order to maintain a smooth and continuous three-dimensional envelope. The different lithological units were grouped into four structural domains which were further divided into mineralized envelopes based on the dominance of oxide or sulfide copper mineralization within the 0.10% Cu grade shell.

Drill core assay intervals for copper (Cu), soluble copper (CuSS), molybdenum (Mo), and silver (Ag) were composited down hole into a fixed length of 25ft. The composite intervals were back-tagged with a copper grade-shell code based on the wireframe models to be used during grade estimation. Visual checks were conducted to ensure back-tagging worked as expected.

The block model consists of non-rotated regular blocks of 50ftx50ftx50ft as a reasonable proxy for the anticipated Selective Mining Unit (SMU) during open pit mining. All the individual blocks in the model were assigned a mineralized envelope code using the wireframes prepared in Leapfrog™. Within each mineralized envelope, blocks were assigned a dry bulk density based on the mean value of in-situ density measured from core box weights and validated with laboratory measurements.

The Cu, CuSS, Mo and Ag block grade values were interpolated using an Ordinary Kriging (OK) estimator with a three-pass estimation approach with each successive pass having greater search distances and less restrictive sample selection requirements. A firm boundary approach within each mineralized envelope was employed for all metals.

The block model grade estimates were validated by Hudbay through visual inspection comparing composite grades to block grades, statistical checks, and selectivity checks. During its review, Hudbay identified an opportunity to reduce the inherent smoothing of the kriged model. This correction was implemented separately by mineralized envelope based on grade distribution and also by areas with consistent drilling density.

A Lerchs Grossman analysis was performed using the block models constructed by Hudbay. Several economic analyses were developed for nested pit shells. The purpose of this assessment was to evaluate free discounted cash flow, revenue, stripping ratio, development, sustaining capital, and as guidance for internal phases, recoveries by processing route and by deposit. The base-case pit shell retained for resource reporting corresponds to a revenue factor of 1.0 with an assumed copper price of $3.45/lb to ensure potential for economic extraction of the mineral resource estimates.

Mining Operations

The PFS is based on a traditional open pit shovel and truck operation with bench heights of 50 and 100 feet, and 255- ton capacity haul trucks for material and waste movement.

The mining sequence considers the exploitation of the pits and their associated infrastructure over a footprint requiring only state and local permits for 16 years (plus one year of pre-stripping). During this period, all waste, tailings, and leach pads are disposed within the limits of Hudbay's private land properties. Through the life of mine of the 2023 PFS, 385 million tonnes of mineral reserves will be mined and milled while approximately 817 million tonnes of waste will be extracted, yielding a life of mine stripping ratio of 2.1:1.0 (including pre-stripping material). The tonnage of waste includes approximately 40 million tonnes of mineral resources that cannot be processed at the end of the mine life due to a lack of tailings disposal capacity. This material represents an opportunity to expand the mine life of Phase I and to reduce the strip ratio to 1.8:1.0.

Pit design and production were conducted using a NSR optimization model in order to select the optimum processing method that maximizes NPV for each mining block extracted from the open pits taking into consideration land restriction both for mining and for the connected actions of waste, leach pads and tailings depositions as well as the maximum capacity of the various components of the processing facilities.

An important constraint on the mine production schedule is the limited space for disposing of waste rock, tailings, and economic material on leach pads. In addition, some of the waste rock can only be disposed of after mining has been completed at the Peach-Elgin, West, and Broadtop Butte pits. These important constraints result in a sub-optimum mining sequence from a strict economic standpoint but allow the mine to operate in a sustainable manner for 20 years until federal permits are in place. Securing these permits earlier would unlock significant benefits to the Project by removing these important constraints on the mining schedule allowing more tons and/or better grade to enter the mine plan earlier than currently planned.

Processing and Recovery Operations

The processing plant consists of a sulfide concentrator and a concentrate leach facility, with the concentrate leach facility to be built in stages starting in year four. The sulfide concentrator will have an installed capacity of 60,000 tons per day process via a primary crushing circuit, and a grinding circuit configured in semi-autogenous mill and ball mill (SAB) configuration. This is followed by a bulk flotation of a copper and molybdenum concentrate, and the subsequent separation of the copper and molybdenum concentrate via a reverse flotation stage. Bulk flotation tailings are thickened before sands/slime separation and discharged to the tailing's storage facility.

Capital and Operating Costs

Total life of mine capital costs of $2,594M consist of $1,690M growth, $542M sustaining, and $362M deferred stripping costs. Growth capital includes two stages of construction; the first stage is the mine, Concentrator Process Plant and related infrastructure totaling $1,323M to be incurred during the 10 quarters prior to commercial production. The second stage is the expanded industrial complex, comprising the Concentrate Leach facility and including solvent extraction and electrowinning (SX/EW), precious metals, sulfur burner, and acid plant facilities totaling $367M that will be incurred during the fourth year of production. Sustaining capital of $542M is primarily mining related costs of the waste rock facility, tailings facility, major repairs and overhauls, and haul roads, as well as plant and general administrative facilities sustaining costs. Deferred stripping of $362M is composed of capitalized mine operating costs for stripping applicable to the portion of the annual strip ratio in excess of the life of mine strip ratio.

The economic viability of the Project has been evaluated using the metal prices outlined below and cost projections based on the 2023 PFS study. The metal prices used in the economic analysis are based on a blend of consensus metal price forecasts from over 30 well known financial institutions and Wood Mackenzie.

At a copper price of $3.75 per pound, the after-tax net present value ("NPV") of Phase I using an 8% discount rate is $1.1 billion and the internal rate of return ("IRR") is 19%. The valuation metrics are leveraged to higher copper prices and at a price of $4.25 per pound, the after-tax NPV (8%) of Phase I increases to $1.7 billion, and the IRR increases to 25.5%. A summary of key valuation, production and cost details from the PFS can be found below.

Summary of Key Metrics (at $3.75/lb Cu)				
Valuation Metrics (Unlevered)[1,2]	**Unit**	**Phase I**		
Net Present Value @ 8% (after-tax)	$ millions	$1,100		
Net Present Value @ 10% (after-tax)	$ millions	$771		
Internal Rate of Return (after-tax)	%	19.2		
Payback Period	# years	5.9		
Project Metrics	**Unit**	**Phase I**		
Growth Capital – Concentrator Process Plant	$ millions	$1,323		
Construction Length – Concentrator Process Plant	# years	2.6		
Growth Capital – Concentrate Leach Facility (Year 4)	$ millions	$367		
Construction Length – Concentrate Leach Facility	# years	1.0		
Operating Metrics	**Unit**	**Year 1-10**	**Year 11-20**	**Phase I**
Copper Production (annual avg.)[3]	000 tonnes	92.3	77.5	**85.3**
EBITDA (annual avg.)[4]	$ millions	$404	$339	**$372**
Sustaining Capital (annual avg.)	$ millions	$33.9	$19.4	**$27.1**
Cash Cost[5]	$/lb. Cu	$1.53	$1.39	**$1.47**
Sustaining Cash Cost[5]	$/lb. Cu	$1.95	$1.62	**$1.81**

Notes

1) Calculated assuming the following commodity prices: copper price of $3.75 per pound, copper cathode premium of $0.02 per pound (net of cathode freight charges), gold stream price of $450 per ounce, silver stream price of $3.90 per ounce and molybdenum price of $12.00 per pound. Reflects the terms of the existing Wheaton Precious Metals stream, including an upfront deposit of $230 million in the first year of Phase I construction in exchange for the delivery of 100% of gold and silver produced.
2) Net present value and internal rate of return are shown on an after-tax basis.
3) Copper production includes copper contained in concentrate sold and copper cathode produced from the concentrate leach facility. Average annual copper production excludes partial year of production in Year 20.
4) EBITDA is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information, please refer to the company's most recent Management's Discussion and Analysis.
5) By-product credits calculated using amortization of deferred revenue for gold and silver stream sales as per the company's approach in its quarterly financial reporting. By-product credits also include the revenue from the sale of excess acid produced at a price of $145 per tonne. Sustaining cash cost includes sustaining capital expenditures and royalties. Cash cost and sustaining cash cost are non-IFRS financial performance measures with no standardized definition under IFRS. For further details on why Hudbay believes cash costs are a useful performance indicator, please refer to the company's most recent Management's Discussion and Analysis.

Exploration, Development and Production

Following the release of the Copper World PFS, we have continued to execute our strategy to de-risk the project.

SCHEDULE C: AUDIT COMMITTEE CHARTER

HUDBAY MINERALS INC.
(THE "COMPANY")

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee is appointed by the Board of Directors to assist the Board of Directors in its oversight and evaluation of:

- the quality and integrity of the financial statements of the Company,
- the compliance by the Company with legal and regulatory requirements in respect of financial disclosure,
- the qualification, independence and performance of the Company's independent auditor,
- the appointment, independence and performance of the Company's head of the internal audit function,
- the design and ongoing review of the Company's risk management system, and
- the performance of the Company's Chief Financial Officer.

In addition, the Audit Committee provides an avenue for communication among the independent auditor, the internal audit function, the Company's Chief Financial Officer and other financial senior management, other employees and the Board of Directors concerning accounting, auditing and risk management matters.

The Audit Committee is directly responsible for the recommendation of the appointment and retention (and termination) and for the compensation and the oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between senior management and the independent auditor or the internal audit function regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Company. Also, the Audit Committee is directly responsible for the approval of the appointment and retention (and termination) and the oversight of the work of the internal audit function.

The Audit Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Company's financial statements or that those financial statements are in accordance with generally accepted accounting principles.

Each member of the Audit Committee shall be entitled to rely in good faith upon:

- financial statements of the Company represented to him or her by senior management of the Company or in a written report of the independent auditor to present fairly the financial position of the Company in accordance with generally accepted accounting principles; and
- any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

The fundamental responsibility for the Company's financial statements and disclosure rests with senior management.

REPORTS

The Audit Committee shall report to the Board of Directors on a regular basis and, in any event, before the public disclosure by the Company of its quarterly and annual financial results. The reports of the Audit Committee shall include any issues of which the Audit Committee is aware with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance and independence of the Company's internal audit function and changes in risks over which the Audit Committee has oversight.

The Audit Committee also shall prepare, as required by applicable law, any audit committee report required for inclusion in the Company's publicly filed documents.

COMPOSITION

The members of the Audit Committee shall be three or more individuals who are appointed (and may be replaced) by the Board of Directors on the recommendation of the Company's Corporate Governance and Nominating Committee. The appointment of members of the Audit Committee shall take place annually at the first meeting of the Board of Directors after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the Audit Committee is not so made, the directors who are then serving as members of the Audit Committee shall continue as members of the Audit Committee until their successors are appointed. The Board of Directors may appoint a member to fill a vacancy that occurs in the Audit Committee between annual elections of directors. Any member of the Audit Committee may be removed from the Audit Committee by a resolution of the Board of Directors. Unless the Chair is elected by the Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the members of the Audit Committee.

Each of the members of the Audit Committee shall meet the Company's Categorical Standards for Determining Independence of Directors and shall be financially literate (or acquire that familiarity within a reasonable period after appointment) in accordance with applicable legislation and stock exchange requirements. No member of the Audit Committee shall:

- accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries [1] (other than remuneration for acting in his or her capacity as a director or committee member) or be an "affiliated person"[2] of the Company or any of its subsidiaries, or
- concurrently serve on the audit committee of more than three other public companies without the prior approval of the Audit Committee, the Corporate Governance and Nominating Committee and the Board of Directors and their determination that such simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee (which determination shall be disclosed in the Company's annual management information circular).

Notes:
[1] A company is a subsidiary of another company if it is controlled, directly or indirectly, by that other company (through one or more intermediaries or otherwise).
[2] An "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.

RESPONSIBILITIES

Independent Auditor

The Audit Committee shall:

- Recommend the appointment and the compensation of, and, if appropriate, the termination of the independent auditor, subject to such Board of Directors and shareholder approval as is required under applicable legislation and stock exchange requirements.
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Audit Committee and the Board of Directors.
- Oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting.
- Pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators).
- Adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by the Company and any of its subsidiaries for any audit or non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Audit Committee.
- Provide notice to the independent auditor of every meeting of the Audit Committee.
- Approve all engagements for accounting advice prepared to be provided by an accounting firm other than independent auditor.
- Review quarterly reports from senior management on tax advisory services provided by accounting firms other than the independent auditor.
- Review expense reports of the Chairman and the Chief Executive Officer.

Internal Audit Function

The Audit Committee shall:

- Approve the appointment and, if appropriate, the termination of the head of the internal audit function.
- Obtain confirmation from the head of the internal audit function that he or she is ultimately accountable, and will report directly, to the Audit Committee.
- Oversee the work of the internal audit function, including the resolution of any disagreements between senior management and the internal audit function.
- Approve the internal audit function annual plan.
- Review quarterly reports from the head of the internal audit function.

The Audit Process, Financial Statements and Related Disclosure

The Audit Committee shall:

- Meet with senior management and/or the independent auditor to review and discuss,
    - the planning and staffing of the audit by the independent auditor,
    - before public disclosure, the Company's annual audited financial statements and quarterly financial statements, the Company's accompanying disclosure of Management's Discussion and Analysis and earnings press releases and make recommendations to the Board of Directors as to their approval and dissemination of those statements and disclosure,
    - financial information and earnings guidance provided to analysts and rating agencies: this review need not be done on a case by case basis but may be done generally (consisting of a discussion of the types of information disclosed and the types of presentations made) and need not take place in advance of the disclosure,
    - any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company's financial statements,
    - all critical accounting policies and practices used,
    - all alternative treatments of financial information within IFRS that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor,
    - the use of "pro forma" or "adjusted" non-IFRS information,
    - the effect of new regulatory and accounting pronouncements,
    - the effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Company's financial statements,
    - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Audit Committee in connection with certification of forms by the Chief Executive Officer and/or the Chief Financial Officer for filing with applicable securities regulators, and
    - the adequacy of the Company's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies.
- Review disclosure of financial information extracted or derived from the Company's financial statements.
- Review with the independent auditor,
    - the quality, as well as the acceptability of the accounting principles that have been applied,
    - any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to senior management and the Company's response to that letter or communication, and

- any changes to the Company's significant auditing and accounting principles and practices suggested by the independent auditor or other members of senior management.

Risks

The Audit Committee shall:

- Recommend to the Board of Directors for approval a policy (the " **ERM Policy**") that sets out the risk management philosophy of the Company and the expectations and accountabilities for identifying, assessing, monitoring and managing the most significant risks facing the Company (the "**Principal Risks**") that is developed and is to be implemented by senior management.
- Meet with senior management to review and discuss the Principal Risks that have been assigned to the Audit Committee for monitoring, including business, financial and information technology risks of the Company, including potential emerging risks, and the actions taken by the Company to mitigate those risks.
- Approve a formalized, disciplined and integrated enterprise risk management process (the " **ERM Process**") that is developed by senior management and, as appropriate, the Board and its Committees, to monitor, manage and report Principal Risks.
- Recommend to the Board of Directors for approval policies (and changes thereto) setting out the framework within which each identified Principal Risks of the Company shall be managed.
- At least semi-annually, obtain from senior management and, as appropriate, with the input of one or more of the Board's Committees, a report specifying the management of the Principal Risks of the Company including compliance with the ERM Policy and other policies of the Company for the management of Principal Risks.
- Review with senior management the Company's tolerance for financial risk and senior management's assessment of the significant financial risks facing the Company.
- Discuss with senior management, at least annually, the guidelines and policies utilized by senior management with respect to financial risk assessment and management, and the major financial risk exposures and the procedures to monitor and control such exposures in order to assist the Audit Committee to assess the completeness, adequacy and appropriateness of financial risk disclosure in Management's Discussion and Analysis and in the financial statements.
- Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board of Directors in a timely fashion.
- Review the adequacy of insurance coverages maintained by the Company.
- At least semi-annually, obtain from senior management a report on information technology matters, including any significant developments related to the Company's information security policies and practices and information technology infrastructure, and the management of related risks.
- Discharge the Board's oversight function in respect of the administration of the pension and other retirement plans of the Company and its affiliates.

Compliance

The Audit Committee shall:

- Obtain reports from senior management that the Company's subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics including disclosures of insider and affiliated party transactions and environmental protection laws and regulations.
- Review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies.
- Review senior management's written representations to the independent auditor.
- Advise the Board of Directors with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
- Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- Establish procedures for,
    - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and
    - the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.

Delegation

To avoid any confusion, the Audit Committee responsibilities identified above are the sole responsibility of the Audit Committee, unless otherwise directed by the Board of Directors.

INDEPENDENT ADVICE

In discharging its mandate, the Audit Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal, accounting or other advisors as the Audit Committee determines to be necessary to permit it to carry out its duties.

Audited Consolidated Financial Statements
(In US dollars)

HUDBAY MINERALS INC.

Years ended December 31, 2023 and 2022

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Hudbay Minerals Inc. ("Hudbay" or the "Company") is responsible for establishing and maintaining internal control over financial reporting ("ICFR").

Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, Hudbay's management assessed the effectiveness of the Company's ICFR as of December 31, 2023 based upon the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Hudbay's ICFR was effective as of December 31, 2023.

On June 20, 2023 the Company acquired Copper Mountain Mining Corporation ("Copper Mountain"). As permitted by SEC staff interpretive guidance for newly acquired businesses, management has excluded Copper Mountain from its assessment of the effectiveness of the Company's internal control over financial reporting. Copper Mountain's financial statements constitute 34% and 19% of net and total assets, respectively, 10% of revenues, and 19% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2023.

The effectiveness of the Company's ICFR as of December 31, 2023 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, as stated in their report immediately preceding the Company's audited consolidated financial statements for the year ended December 31, 2023.

Peter Kukielski
President and Chief Executive Officer

Eugene Lei
Chief Financial Officer

Toronto, Canada

February 22, 2024

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Hudbay Minerals Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hudbay Minerals Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated income statements, consolidated statements of comprehensive income, changes in equity, and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2023, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment - Assessment of Whether Indicators of Impairment or Impairment Reversal Exist in Non-financial Assets - Refer to Notes 2d and 3i to the financial statements

Critical Audit Matter Description

The Company's determination of whether an indicator of impairment or impairment reversal exists in non-financial assets at the cash generating unit ("CGU") level requires significant management judgment.

While there are several inputs that are required to determine whether or not an indicator of impairment or impairment reversal exists, the judgments with the highest degree of subjectivity are the future long-term copper price, inputs to the market capitalization deficiency assessment (specifically control premiums, industry specific factors and company performance), and the discount rate. Auditing these estimates and inputs required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future long-term copper price, inputs to the market capitalization deficiency assessment (specifically control premiums, industry specific factors and company performance), and the discount rate in the assessment of indicators of impairment or impairment reversal included the following, among others:

- Evaluated the effectiveness of controls over management's assessment of the indicators of impairment or impairment reversal.
- With the assistance of fair value specialists:
    - Evaluated the future long-term copper price by comparing management forecasts to third party forecasts,
    - Performed an assessment of the market capitalization deficiency to the carrying value of the CGUs which included: assessing control premiums, industry specific factors, company performance, and
    - Evaluated the reasonableness of the discount rate by comparing the key inputs to independent market data.

Impairment - Identification of Impairment Indicator within Peru CGU - Refer to Notes 2d, 3i, and 14 to the financial statements

Critical Audit Matter Description

The Company's determination of whether an indicator of impairment or impairment reversal exists in non-financial assets at the CGU level requires significant management judgment. An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of the CGU is estimated based on the higher of its fair value less cost of disposal and its value in use. An impairment indicator was identified at the Peru CGU as a result of a new life of mine plan for Peru, which included updated costs reflecting recently experienced inflationary pressures. The Company used a discounted cashflow model to determine the recoverable amount of the Peru CGU which required management to make significant estimates and assumptions related to the future commodity prices, production based on current estimates of recoverable resources, value beyond proven and probable ("VBPP"), discount rate, and future operating and capital costs. The Company determined that there was no impairment of the Peru CGU.

While there are several inputs that are required to determine the recoverable amount of the Peru CGU, the estimates and assumptions with the highest degree of subjectivity and judgment uncertainty are the future short-term and long-term copper price, VBPP, and the discount rate. Auditing these estimates and assumptions required a high degree of auditor judgment in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future short-term and long-term copper price, VBPP, and discount rate used to determine the recoverable amount of the Peru CGU included the following procedures, among others:

- Evaluated the effectiveness of relevant controls over management's determination of the future short-term and long-term copper price, VBPP, and discount rate.
- With the assistance of fair value specialists:
    - Evaluated the future short-term and long-term copper price by comparing management forecasts to third party forecasts, and
    - Evaluate the reasonableness of the VBPP by developing a range of independent VBPP valuation estimates from market transactions and comparing to the VBPP valuation selected by management, and
    - Evaluate the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developed a range of independent estimates for the discount rate and compared to the discount rate selected by management.

Copper Mountain Mining Corporation ("Copper Mountain") Acquisition - Valuation of Mineral Properties Acquired and Annual Goodwill Impairment Test - Refer to Notes 2d, 5 and 13 of the financial statements

Critical Audit Matter Description

On June 20, 2023, the Company acquired 100% of the issued and outstanding shares of Copper Mountain. The purchase price was allocated to the fair value of assets acquired and liabilities assumed, which included mineral properties that were valued using a discounted cash flow model. The excess of the purchase price was allocated to goodwill. As required by accounting standards, the Company tested the goodwill of the Copper Mountain CGU at December 31, 2023 for impairment by determining the recoverable amount using a discounted cash flow model. The discounted cash flow models required management to make significant estimates and assumptions related to future short-term and long-term copper price, production based on current estimates of recoverable resources, VBPP, discount rate, future foreign exchange rate, and future operating and capital costs. The Company determined that there was no impairment of the Copper Mountain CGU's goodwill based on its annual goodwill impairment test.

While there are several estimates and assumptions that are required to determine the fair value of the mineral properties acquired, the estimates and assumptions with the highest degree of subjectivity are future short-term and long-term copper price and discount rate. While there are several estimates and assumptions that are required to determine the recoverable amount of the Copper Mountain CGU at December 31, 2023, the estimates and assumptions with the highest degree of subjectivity are future short-term and long-term copper price, VBPP, discount rate, and future foreign exchange rate. Auditing these estimates and assumptions required a high degree of auditor judgment in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future short-term and long-term copper price, VBPP, discount rate, and future foreign exchange rate used to determine the fair value of the mineral properties acquired and the recoverable amount of the Copper Mountain CGU included the following, among others:

- Evaluated the effectiveness of relevant controls over management's determination of the future short-term and long-term copper price, VBPP, discount rate, and future foreign exchange rate.
- With the assistance of fair value specialists:

- Evaluate the future short-term and long-term copper price by comparing management's forecasts to third party forecasts,
- Evaluate the reasonableness of the VBPP by developing a range of independent VBPP valuation estimates from market transactions and comparing to the VBPP valuation selected by management,
- Evaluate the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developed a range of independent estimates for the discount rate and compared to the discount rate selected by management, and
- Evaluate the reasonableness of the future foreign exchange rate by comparing our independent research of the forecasted rate to management's assumed rates.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 22, 2024

We have served as the Company's auditor since 2005.

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Hudbay Minerals Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Hudbay Minerals Inc. and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated February 22, 2024, expressed an unqualified opinion on those financial statements.

As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Copper Mountain Mining Corporation ("Copper Mountain"), which was acquired on June 20, 2023, and whose financial statements constitute 34% and 19% of net and total assets, respectively, 10% of revenues, and 19% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2023. Accordingly, our audit did not include the internal control over financial reporting at Copper Mountain.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 22, 2024

HUDBAY MINERALS INC.

Consolidated Balance Sheets
(In thousands of US dollars)

	Note		Dec. 31, 2023		Dec. 31, 2022
Assets					
Current assets					
Cash and cash equivalents	8	**$**	**249,794**	$	225,665
Trade and other receivables	9		**203,429**		113,182
Inventories	10		**207,334**		155,012
Prepaid expenses and other current assets			**6,289**		20,106
Other financial assets	11		**4,102**		1,063
Taxes receivable			**2,300**		9,153
			673,248		524,181
Receivable	9		**12,157**		13,329
Inventories	10		**24,450**		50,725
Other financial assets	11		**7,089**		9,799
Intangibles and other assets	12		**52,453**		49,841
Property, plant and equipment	14		**4,316,006**		3,552,430
Deferred tax assets	25b		**151,946**		125,638
Goodwill	13		**75,285**		-
		$	**5,312,634**	$	4,325,943
Liabilities					
Current liabilities					
Trade and other payables	15	**$**	**239,149**	$	211,467
Taxes payable			**53,441**		4,051
Other liabilities	16		**30,035**		46,806
Other financial liabilities	17		**42,235**		33,301
Gold prepayment liability	18		**55,901**		71,208
Lease liabilities	19		**28,902**		16,156
Deferred revenue	21		**87,672**		64,658
			537,335		447,647
Other financial liabilities	17		**51,720**		52,446
Lease liabilities	19		**61,433**		44,863
Long-term debt	20		**1,287,536**		1,184,162
Deferred revenue	21		**330,848**		404,880
Pension obligations	23		**6,010**		3,262
Other employee benefits	24		**101,849**		86,340
Environmental and other provisions	22		**321,912**		279,240
Deferred tax liabilities	25b		**407,152**		251,294
			3,105,795		2,754,134
Equity					
Share capital	26		**2,240,233**		1,780,774
Reserves			**30,177**		26,538
Retained earnings			**(173,599)**		(235,503)
Equity attributable to owners of the Company			**2,096,811**		1,571,809
Non-controlling interest	34		**110,028**		-
		$	**5,312,634**	$	4,325,943

Commitments (note 31)

HUDBAY MINERALS INC.

Consolidated Income Statements
(In thousands of US dollars, except per share amounts)

	Note	Year ended December 31, 2023	2022
Revenue	7a	**$ 1,690,030**	$ 1,461,440
Cost of sales			
Mine operating costs		**905,812**	846,937
Depreciation and amortization	7b	**391,657**	337,615
		1,297,469	1,184,552
Gross profit		**392,561**	276,888
Selling and administrative expenses		**39,228**	33,986
Exploration expenses		**29,276**	34,511
Other expenses	7e	**38,308**	32,586
Re-evaluation adjustment - environmental provision	22	**(11,416)**	(133,460)
Impairment - Arizona	7g	**-**	94,956
Results from operating activities		**297,165**	214,309
Net interest expense on long term debt	7f	**76,202**	67,663
Accretion on streaming arrangements	7f	**26,291**	27,778
Change in fair value of financial instruments	7f	**14,053**	942
Other net finance costs	7f	**28,789**	22,111
Net finance expense		**145,335**	118,494
Profit before tax		**151,830**	95,815
Tax expense	25a	**82,287**	25,433
Profit for the year		**$ 69,543**	$ 70,382
Attributable to:			
Owners of the Company		**$ 66,367**	$ 70,382
Non-controlling interest		**3,176**	**-**
Profit for the year		**$ 69,543**	$ 70,382
Profit per share			
Basic and diluted		**$ 0.22**	$ 0.27
Weighted average number of common shares outstanding:			
Basic	28	**310,845,281**	261,858,531
Diluted	28	**310,953,110**	262,217,528

HUDBAY MINERALS INC.

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

		Year ended December 31,	
		2023	2022
Cash generated from operating activities:			
Profit for the year		**$ 69,543**	$ 70,382
Tax expense	25a	**82,287**	25,433
Items not affecting cash:			
Depreciation and amortization	7b	**393,068**	339,063
Share-based compensation expense	7c	**7,357**	2,064
Net finance expense	7f	**145,335**	118,494
Inventory adjustments	10	**2,308**	3,553
Amortization of deferred revenue and variable consideration	21	**(77,309)**	(73,188)
Pension and other employee benefit payments, net of accruals		**6,962**	1,545
Re-evaluation adjustment - environmental obligation	22	**(11,416)**	(133,460)
Impairment - Arizona	7g	**-**	94,956
Decommissioning and restoration payments	22	**(2,069)**	(15,460)
Other	33a	**8,683**	(2,043)
Taxes paid		**(54,755)**	(39,610)
Operating cash flow before changes in non-cash working capital		**569,994**	391,729
Change in non-cash working capital	33b	**(93,144)**	96,074
		476,850	487,803
Cash used in investing activities:			
Acquisition of property, plant and equipment		**(281,099)**	(308,960)
Community agreements		**(10,705)**	(37,491)
Cash and cash equivalents acquired in acquisitions, net of cash paid	5,6	**10,959**	-
Net sale of investments		**53**	1,919
Proceeds from disposition of property, plant and equipment		**874**	4,101
Change in restricted cash		**126**	(49)
Interest received		**8,010**	2,810
		(271,782)	(337,670)
Cash used in financing activities:			
Proceeds from revolving credit facility, net of repayments	20b	**100,000**	-
Principal repayments on Copper Mountain bonds	20c	**(143,000)**	-
Premium paid on Copper Mountain bonds	20c	**(3,021)**	-
Proceeds on flow-through shares, net of share issuance cost	26b	**14,424**	-
Change in restricted cash debt service account		**3,669**	-
Interest paid on long-term debt		**(73,988)**	(63,750)
Financing costs		**(12,212)**	(12,272)
Lease payments	19	**(25,216)**	(35,770)
Equipment financing payments		**(1,861)**	-
Gold prepayment repayments	18	**(26,722)**	(71,714)
Deferred Rosemont acquisition payment		**(10,000)**	(10,000)
Net proceeds from exercise of stock options		**190**	1,253
Share issuance cost	5	**(188)**	-
Dividends paid	26b	**(4,463)**	(4,047)
		(182,388)	(196,300)
Effect of movement in exchange rates on cash		**1,449**	843
Net increase (decrease) in cash and cash equivalents		**24,129**	(45,324)
Cash and cash equivalents, beginning of the year		**225,665**	270,989
Cash and cash equivalents, end of the year		**$ 249,794**	$ 225,665

HUDBAY MINERALS INC.
Consolidated Statements of Comprehensive Income
(In thousands of US dollars)

		Year ended December 31,	
		2023	2022
Profit for the year		**$ 69,543**	$ 70,382
Other comprehensive income:			
Item that will be reclassified subsequently to profit or loss:			
Recognized directly in equity:			
Net gain (loss) on translation of foreign currency balances		**9,227**	(17,666)
		9,227	(17,666)
Items that will not be reclassified subsequently to profit or loss:			
Recognized directly in equity:			
Gold prepayment revaluation	18	**(192)**	512
Tax effect		**51**	(135)
Remeasurement - actuarial (loss) gain		**(8,056)**	45,083
Tax effect		**(276)**	(2,249)
		(8,473)	43,211
Other comprehensive income net of tax, for the year		**754**	25,545
Attributable to:			
Owners of the Company		**$ 67,245**	$ 95,927
Non-controlling interest		**3,052**	-
Total comprehensive income for the year		**$ 70,297**	$ 95,927

HUDBAY MINERALS INC.

Consolidated Statements of Changes in Equity
(In thousands of US dollars)

	Share capital (note 26)	Other capital reserves	Foreign currency translation reserve	Remeasurement reserve	Retained earnings	Total equity
Balance, January 1, 2022	$ 1,778,848	$ 57,328	$ 2,907	$ (60,417)	$ (301,838)	$ 1,476,828
Profit	-	-	-	-	70,382	70,382
Other comprehensive (loss) income	-	-	(17,666)	43,211	-	25,545
Total comprehensive (loss) income	-	-	(17,666)	43,211	70,382	95,927
Contributions by and distributions to owners:						
Dividends (note 26b)	-	-	-	-	(4,047)	(4,047)
Stock options (note 7c)	-	1,848	-	-	-	1,848
Issuance of shares related to stock options exercised	1,926	(673)	-	-	-	1,253
Total contributions by and distributions to owners	1,926	1,175	-	-	(4,047)	(946)
Balance, December 31, 2022	$ 1,780,774	$ 58,503	$ (14,759)	$ (17,206)	$ (235,503)	$ 1,571,809

HUDBAY MINERALS INC.

Consolidated Statements of Changes in Equity
(In thousands of US dollars)

	Share capital (note 26)	Other capital reserves	Foreign currency translation reserve	Remeasurement reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance, January 1, 2023	$ 1,780,774	$ 58,503	$ (14,759)	$ (17,206)	$ (235,503)	$1,571,809	$ -	$ 1,571,809
Profit	-	-	-	-	66,367	66,367	3,176	69,543
Other comprehensive income (loss)	-	-	9,351	(8,473)	-	878	(124)	754
Total comprehensive income (loss)	-	-	9,351	(8,473)	66,367	67,245	3,052	70,297
Contributions by and distributions to owners:								
Dividends (note 26b)	-	-	-	-	(4,463)	(4,463)	-	(4,463)
Shares issued on acquisition of Copper Mountain, net of share issuance costs (note 5)	436,499	-	-	-	-	436,499	106,976	543,475
Shares and warrants issued on acquisition of Rockcliff (note 6)	12,503	725	-	-	-	13,228	-	13,228
Flow-through shares issued, net of share issuance costs (note 26b)	10,166	-	-	-	-	10,166	-	10,166
Stock options (note 7c)	-	2,137	-	-	-	2,137	-	2,137
Issuance of shares related to stock options exercised	291	(101)	-	-	-	190	-	190
Total contributions by and distributions to owners	459,459	2,761	-	-	(4,463)	457,757	106,976	564,733
Balance, December 31, 2023	**$ 2,240,233**	**$ 61,264**	**$ (5,408)**	**$ (25,679)**	**$ (173,599)**	**$2,096,811**	**$ 110,028**	**$ 2,206,839**

1. Reporting entity

Hudbay Minerals Inc. ("HMI" or the "Company") is a company existing under the *Canada Business Corporations Act.* The address of the Company's principal executive office is 25 York Street, Suite 800, Toronto, Ontario. The audited consolidated financial statements ("financial statements") of the Company for the year ended December 31, 2023 and 2022 represent the financial position and the financial performance of the Company and its subsidiaries (together referred to as "Hudbay").

Wholly owned subsidiaries as at December 31, 2023 and 2022 include HudBay Marketing & Sales Inc. ("HMS"), HudBay Peru Inc., HudBay Peru S.A.C. ("Hudbay Peru"), HudBay (BVI) Inc., Hudbay Arizona Inc., Copper World, Inc. ("Copper World") and Mason Resources (US) Inc.("Mason"). On June 20, 2023, the Company acquired all of the issued and outstanding common shares of Copper Mountain Mining Corporation ("Copper Mountain") as part of a court-approved plan of arrangement. At the time, Copper Mountain held a 75% interest in Copper Mountain Mine (BC) Ltd. ("CMBC"), the entity that owns the Copper Mountain mine. Mitsubishi Materials Corporation ("MMC"), an arms-length party, owns the remaining 25% interest in CMBC. On September 14, 2023, the Company acquired all of the issued and outstanding common shares of Rockcliff Metals Corp. ("Rockcliff") as part of a court-approved plan of arrangement. Subsequent to year end, on January 1, 2024, the Company amalgamated with Copper Mountain and Rockcliff and continued as Hudbay Minerals Inc. Following the amalgamation, the Company directly holds a 75% interest in CMBC and is the direct holder of all of Rockcliff's mineral properties.

Hudbay is a diversified mining company with long-life assets in North and South America. Hudbay's operations in Cusco (Peru) produce copper with gold, silver and molybdenum by-products. Hudbay's operations in Manitoba (Canada) produce gold with copper, zinc and silver by-products. Hudbay's operations in British Columbia (Canada) produce copper with gold and silver by-products. Hudbay has a development pipeline that includes copper development projects in Arizona and Nevada (United States), and a focused growth strategy on exploration, development, operation, and optimization of properties that Hudbay already controls, as well as other mineral assets that Hudbay may acquire that fit the Company's strategic criteria. 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.

2. Basis of preparation

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective for the year ended December 31, 2023.

The Board of Directors approved these consolidated financial statements on February 22, 2024.

(b) Functional and presentation currency:

Hudbay's consolidated financial statements are presented in US dollars, which is the Company's and all material subsidiaries' functional currency, except the Company's Manitoba and British Columbia business unit, which have a functional currency of Canadian dollars. All values are rounded to the nearest thousand ($000) except where otherwise indicated.

(c) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the consolidated balance sheets:

- Derivatives, embedded derivatives, other financial instruments, and financial assets measured at fair value through profit or loss ("FVTPL");
- Liabilities for cash-settled share-based compensation arrangements are measured at fair value; and,
- A defined benefit liability is recognized as the net total of the plan assets, unrecognized past service costs and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

(d) Use of judgements and estimates:

The preparation of the consolidated financial statements in conformity with IFRS requires Hudbay to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Hudbay reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that the Company believes to be reasonable under the circumstances. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in any future periods affected.

The following are critical and significant judgements and estimates impacting the consolidated financial statements:

- *Indicators and testing of impairment (reversal of impairment) of non-financial assets (notes 3h, 3i, 13 an d 14)* - There are a number of potential indicators that could trigger non-financial asset impairment or reversal of impairment. These indicators may require critical judgements to determine the extent that external and/or internal environmental business changes may impact Hudbay's overall assessment of the recoverability of non-financial assets. Such business changes include changes to the life of mine ("LOM") plan, changes to budget, changes to closure plans, changes to discount rates and changes to long-term commodity prices. If an impairment or impairment reversal indicator is identified then there are also critical estimates involved in the determination of the recoverable amount of cash generating units ("CGU"). A CGU to which goodwill has been allocated is tested for impairment at least annually or when events or circumstances indicate that an assessment for impairment is required. Recoverable amounts are calculated using discounted after-tax cash flows based on cash flow projections and assumptions in Hudbay's most recent LOM plans. LOM plans are based on optimized mine and processing plans and the assessment of capital expenditure requirements of a mine site. LOM plans incorporate management's best estimates of key assumptions which include future commodity prices, the value of mineral resources not included in the applicable LOM plans, production based on current estimates of recoverable reserves, discount rates, future operating and capital costs and future foreign exchange rates. Most critical to the value of the recoverable amount are the assumptions of future commodity prices and the value of mineral resources not included in the applicable LOM plans. Expected future cash flows used to determine the recoverable amount during impairment testing are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events, impairments may be identified, which could have a material effect on the financial statements. Although it is reasonably possible for a change in key assumptions to occur, the possible effects of a change in any single assumption may not fairly reflect the impact of CGU's fair value as the assumptions are inextricably linked.

- *Mineral reserves and resources (notes 3g, 3k and 3i)* - Hudbay estimates mineral reserves and resources to determine future recoverable mine production based on assessment of geological, engineering and metallurgical analyses, estimates of future production costs, capital costs and reclamation costs, as well as long term commodity prices and foreign exchange rates. There are numerous uncertainties inherent in estimating mineral reserves and resources, including many factors beyond Hudbay's control. The estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and interpreting this data requires complex geological judgements. Changes in assumptions, including economic assumptions such as metals prices and market conditions, could have a material effect on the financial position and results of operations.

  Changes in the mineral reserve or resource estimates may affect:

  - the carrying value of exploration and evaluation assets, capital works in progress, mining properties and plant and equipment, goodwill;
  - depreciation expense for assets depreciated either on a unit-of-production basis or on a straight line basis where useful lives are restricted by the life of the related mine plan;
  - the provision for decommissioning, restoration and similar liabilities;
  - the carrying value of deferred tax assets, and
  - amortization of deferred revenue.

- *Property plant and equipment (notes 3h and 14)* - The carrying amounts of property, plant and equipment and exploration and evaluation assets on Hudbay's consolidated balance sheets are significant and reflect multiple estimates and applications of judgement. Management exercises judgement in determining whether the costs related to exploration and evaluation are eligible for capitalization and whether they are likely to be recoverable by future exploration, which may be based on assumptions about future events and circumstances. Judgement and estimates are used when determining whether exploration and evaluation assets should be transferred to capital works in progress within property, plant and equipment. For mines in the production stage, management applies judgement to determine development costs to be capitalized based on the extent they are incurred in order to access reserves mineable over more than one year. For depreciable property, plant and equipment assets, management makes estimates to determine depreciation. For assets depreciated using the straight line method, residual value and useful lives of the assets or components are estimated. A significant estimate is required to determine the total production basis for units-of-production depreciation. The most currently available reserve and resource report is utilized in determining the basis which has material impacts on the amount of depreciation recorded through inventories and the consolidated income statements. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that were valid at the reporting date may change when new information becomes available. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values. In determining whether stripping costs incurred during the production phase of a mining property relate to mineral reserves and mineral resources that will be mined in a future period and therefore should be capitalized, Hudbay makes estimates of the proportion of stripping activity which relates to extracting current ore and the proportion which relates to obtaining access to ore reserves which will be mined in the future.

- *Tax provisions (notes 3m and 25*) - Management makes estimates in determining the measurement and recognition of deferred tax assets and liabilities recorded on the consolidated balance sheets. The measurement of deferred tax assets and deferred tax liabilities is based on tax rates that are expected to apply in the period that the asset is realized or liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable income in the future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected. At the end of each reporting period, management reassesses the period that the assets are expected to be realized or liabilities are settled and the likelihood of taxable income in future periods in order to support and adjust the deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheets.

- *Assaying utilized to determine revenue and recoverability of inventories (notes 3c and 3f)* - Assaying of contained metal is a key estimate in determining the amount of revenues recorded in the consolidated income statements. The estimate is finalized after final surveying is completed, which may extend to six months in certain transactions. Since assays are utilized to determine the value of recorded revenues, significant differences in given assays may result in a material misstatement of revenues on the consolidated income statements. Assay survey results are also a factor utilized to determine if inventories on hand have a net realizable value that exceeds cost. Material differences in assay results may lead to misstatements of inventory balances in the consolidated balance sheets.

- *Decommissioning and restoration obligations (notes 3k and 22)* - Significant judgement and estimates are utilized in the determination of the decommissioning and restoration provisions in the consolidated balance sheets. Judgement is involved in determining the timing and extent of cash outflows required to satisfy constructive obligations based on the timing of site closures in the LOM plans, expected unit costs to determine cash obligations to remediate disturbances and regulatory and constructive requirements, as well as technological changes to determine the extent and timing of the remediation required. The timing of cash outflows and discount rates associated with discounting the provision are also key estimates. Changes in these estimates may result in a change in classification of the provision between non-current and current as well as material differences in the total provision recorded in the consolidated balance sheets.

- *Pension and other employee benefit (notes 3j, 23 and 24)* - Hudbay's post retirement obligations relate mainly to ongoing health care benefits plans. Hudbay estimates obligations related to the pension and other employee benefits plans using actuarial determinations that incorporate assumptions using management's best estimates of factors including plan performance, salary escalation, retirement dates of employees and drug cost escalation rates. Due to the complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. Management reviews all assumptions at each reporting date. In determining the appropriate discount rate, Hudbay considers the interest rates on corporate bonds in the respective currency with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country, and Hudbay bases future salary increases and pension increases on expected future inflation rates for the respective country.

- *Valuation of an acquired business (note 5)* - As the Company concluded that the acquisition of Copper Mountain was a business combination, a valuation was required to determine the allocation of the purchase price. The fair values of the net assets acquired were calculated using significant estimates and judgements. In particular, the fair values of the net assets, including mineral properties, other property, plant and equipment have been determined using an independent valuation involving discounted cash flow calculations and other finance models. Such calculations and models were required to estimate, amongst other items, future production, future commodity prices, operating and capital input costs, discount rates and currency rates. If estimates or judgements differed, this could result in a materially different allocation of net assets to the consolidated balance sheets and could result in a change in the amount of goodwill recognized. Changes to the preliminary values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, are retrospectively adjusted when the final measurements are determined if related to conditions existing at the date of acquisition (within one year of acquisition).

- *Valuation of assets in an asset acquisition (note 6)* - As the Company acquired Rockcliff through the issuance of the Company's common shares and the Company concluded Rockcliff is not a business but an asset acquisition, a valuation was required to the fair value of the net assets acquired. The fair values of the net assets acquired were calculated using significant estimates and judgements. In particular, the fair value of the exploration property has been determined using an independent valuation involving discounted cash flow calculations. Such calculations and models were required to estimate, amongst other items, future production, future commodity prices, operating and capital input costs, discount rates and currency rates.

(e) Estimation uncertainty:

The Company has assessed the broad implications of economic uncertainty including but not limited to inflation and higher interest rates, political instability in Peru and broadly as a result of global geopolitical instability, as well as the lingering impact of the novel coronavirus pandemic, on its consolidated financial statements. As at December 31, 2023, management has determined that the Company's ability to execute its medium and longer term plans and the economic viability of its assets, including the carrying value of its long-lived assets and inventory valuations, are not materially impacted.

In making this judgement, the Company has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in our supply chain, disruptions in the markets for our products, commodity prices and foreign exchange prices and the actions that the Company has taken at its operations to protect the health and safety of its workforce and local community.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by all Hudbay's entities.

(a) Basis of consolidation:

Intercompany balances and transactions are eliminated upon consolidation. When a Hudbay entity transacts with an associate or jointly controlled entity of the Company, unrealized profits and losses are eliminated to the extent of Hudbay's interest in the relevant associate or joint venture. The accounting policies of Hudbay's entities are changed when necessary to align them with the policies adopted by the Company.

Subsidiaries

A subsidiary is an entity controlled by Hudbay. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interest

Non-controlling interest in subsidiaries are identified separately from the Company's equity in the subsidiaries. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of that interest at initial recognition plus the non-controlling interest share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Business combinations and goodwill

Should Hudbay make an acquisition, it first determines whether the assets acquired and liabilities assumed constitute a business, in which case the acquisition requires accounting as a business combination. Management applies judgement in determining whether the acquiree is capable of being conducted and managed for the purpose of providing a return, considering the inputs of the acquiree and processes applied to those inputs that have the ability to create outputs.

Hudbay applies the acquisition method of accounting to business combinations, whereby the goodwill is measured at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated income statements. The assessment of fair values on acquisition includes those mineral reserves and resources that are able to be reliably measured. In determining these fair values, management must also apply judgement in areas including future cash flows, metal prices, exchange rates and appropriate discount rates. Changes in such estimates and assumptions could result in significant differences in the amount of goodwill recognized.

The consideration transferred is the aggregate of the fair values, at the date of the acquisition, of the sum of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognized in the consolidated income statements as incurred, unless they relate to issuance of debt or equity securities.

Where applicable, the consideration transferred includes any asset or liability resulting from a contingent consideration arrangement and measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

Where a business combination is achieved in stages, the Company's previously held interest in the acquired entity are remeasured to fair value at the acquisition date, which is the date Hudbay attains control, and any resulting gain or loss is recognized in the consolidated income statements. Amounts previously recognized in other comprehensive income ("OCI") related to interest in the acquiree prior to the acquisition date are reclassified to the consolidated income statements, where such treatment would be appropriate if that interest were disposed of.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Hudbay's CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is allocated to the lowest level at which it is monitored for internal management purposes and is not larger than an operating segment before aggregation. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the determination of any gain or loss on disposal.

Goodwill is not amortized and is tested for impairment annually and whenever there is an indication of impairment. If any such indication exists, the recoverable amount of the CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of fair value less direct costs to sell and the CGU's value in use. When the recoverable amount of the CGU is less than the carrying amount of that CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to that CGU first, and then to the other assets of that CGU on a pro-rata basis of the carrying amount of each asset in the CGU. An impairment loss in respect of goodwill is not reversed.

Fair value for mineral interest and related goodwill is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to Hudbay's continued use and cannot take into account future development.

The weighted average cost of capital of Hudbay or comparable market participants is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual CGUs operate and the specific risks related to the development of the project.

Where the asset does not generate cash flows that are independent of other assets, Hudbay estimates the recoverable amount of the CGU to which the asset belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated income statements.

(b) Translation of foreign currencies:

Management determines the functional currency of each Hudbay entity as the currency of the primary economic environment in which the entity operates.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Hudbay's entities at exchange rates in effect at the transaction dates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the closing exchange rate. Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates that were in effect at the transaction dates. The same translations are applied when an entity prepares its financial statements from books and records maintained in a currency other than its functional currency, except revenue and expenses may be translated at monthly average exchange rates that approximate those in effect at the transaction dates.

Foreign currency gains and losses arising on period-end revaluations are recognized in the consolidated income statements, except for a financial liability designated as a hedge of a net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in OCI.

Foreign operations

For the purpose of the consolidated financial statements, assets and liabilities of Hudbay's entities that have functional currencies other than the US dollar are translated to US dollars at the reporting date using the closing exchange rate. Revenue and expenses are translated at monthly average exchange rates that approximate those in effect at the transaction dates. Differences arising from these foreign currency translations are recognized in OCI and presented within equity in the foreign currency translation reserve. When a foreign operation is disposed, the relevant exchange differences accumulated in the foreign currency translation reserve are transferred to the consolidated income statements as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such amount is reattributed to non-controlling interest. On disposal of a partial investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion is reclassified to profit or loss.

Net investment in a foreign operation

Foreign currency gains and losses arising on translation of a monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are considered to form part of a net investment in the foreign operation. Such gains and losses are recognized in OCI and presented within equity in the foreign currency translation reserve.

(c) Revenue recognition:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of treatment and refining charges. Revenue from the sale of by-products is included within revenue.

Revenue is recognized when control of the goods sold has been transferred to the customer. Control is deemed to have passed to the customer when significant risk and reward of the product has passed to the customer, Hudbay has a present right to payment, and physical possession of the product has been transferred to the customer. Sales of doré are recorded when a trade confirmation is duly signed and executed between Hudbay and the end purchaser. Sale of concentrate and finished zinc frequently occur under the following terms, and management has assessed these terms in order to determine timing of transfer of control and revenue recognition as generally outlined in the following table.

Incoterms used by Hudbay	**Revenue recognized when goods:**
Cost, Insurance and Freight (CIF)	Are loaded on board the vessel
Free on Board (FOB)	Are loaded on board the vessel
Delivered at place (DAP)	Arrive at the named place of destination
Delivered at terminal (DAT)	Arrive at the named place of destination
Free Carrier (FCA)	Arrive at the named place of delivery

Sales of copper and zinc concentrate and certain other products are provisionally priced. For these contracts, sales prices are subject to final adjustment at the end of a future period after shipment, based on quoted market prices during the quotational period specified in the contract. Revenue is recognized when the above criteria are achieved, using weight and assay results and forward market prices to estimate the fair value of the total consideration receivable. Therefore, revenue is initially recorded based on an initial provisional invoice. Subsequently, at each reporting date, until the provisionally priced sale is finalized, sales receivables are marked to market, with adjustments (both gains and losses) recorded within revenue separately as "Pricing and volume adjustments" in the notes to the consolidated financial statements and in trade and other receivables on the consolidated balance sheets. As per IFRS 15 *Revenue from contracts with customers*, variability in price is deemed to be fair value movements on provisionally priced receivables under the scope of IFRS 9 *Financial Instruments*; variability in quantities is deemed to be variable consideration. The variable consideration from weights and assay changes to quantities has been assessed to be insignificant to warrant precluding revenue being recorded as a result of possible future sales reversals. An annual analysis of the accuracy of our weights and assays is completed, and if the accuracy rate falls below a certain threshold, management then evaluates whether revenue from future sales should be constrained as a result of it being highly probable that there would be a significant revenue reversal in the future.

Hudbay only includes in the transaction price an amount which is not highly likely to be subject to significant subsequent revenue reversal. Within sales contracts with customers, separate performance obligations may arise pertaining to the shipping of goods sold. If applicable, costs and the transaction price are allocated on a relative standalone selling basis to any separate performance obligations and are recognized over the period of time the goods sold are shipped, on a gross basis.

Hudbay recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition.

Precious metals stream contracts, which at inception of the contract are determined that they can be satisfied through the delivery of Hudbay's own production of non-financial items (i.e. gold and silver credits) rather than cash or other financial assets, are accounted for as deferred revenue. If settlement with Hudbay's own production of gold and silver is not possible, the stream transaction is recognized as a financial liability since settlement may require a cash payment. This would cause a change to the accounting treatment, resulting in the revaluation of the agreement to the fair value through the consolidated income statements on a recurring basis.

Deferred revenue associated with precious metals stream contracts are subject to variable consideration and contain a significant financing component since funds were received in advance of the delivery of concentrate. When a significant financing component is recognized, finance expense will be higher and revenues will be higher as the larger deferred revenue balance is amortized to revenues. A market-based discount rate is utilized at the inception of each of the respective stream agreements to determine a discount rate for computing the interest charges for the significant financing component of the deferred revenue balance. As product is delivered, the deferred revenue amount including accreted interest will be drawn down. The draw down rate requires the use of proven and probable reserves and certain resources in the calculation that are beyond proven and probable reserves which management is reasonably confident will be transferable to reserves. Key estimates used in determining the significant financing component include the discount rate and the reserve and resources assumed for conversion.

(d) Cost of sales:

Cost of sales consists of those costs previously included in the measurement of inventory sold during the period, as well as certain costs not included in the measurement of inventory, such as the cost of warehousing and distribution to customers, provisional pricing adjustments related to purchased concentrates, profit sharing, royalty payments, share-based compensation expense and other indirect expenses related to producing operations.

Cost of sales also include non-cash net realizable value adjustments to inventory, one-time adjustments related to overheads incurred when not operating at normal capacity and one-time labour charges related to facilitating the production of inventories for past service pension costs, curtailment gains and severance.

(e) Cash and cash equivalents:

Cash and cash equivalents include cash, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents have maturities of three months or less at the date of acquisition. Interest earned is included in finance income on the consolidated income statements and in investing activities on the consolidated statements of cash flows.

Amounts that are restricted from being used for at least twelve months after the reporting date or are not available for general disbursement, like a debt service account are classified as non-current assets and presented in other financial assets on the consolidated balance sheets. Changes in restricted cash balances are classified as investing or financing activities on the consolidated statements of cash flows.

(f) Inventories:

Inventories consist of stockpiles, finished goods inventory (concentrates and metals), materials and supplies. Concentrates, doré, metals and all other saleable products are valued at the lower of cost and estimated net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated direct and indirect costs of completion and costs necessary to make the sale. Where the net realizable value is less than cost, the difference is charged to the consolidated income statements as an impairment charge in cost of sales. Costs associated with stripping activities in an open pit mine are capitalized to inventory and recorded through cost of sales unless the stripping activity can be shown to improve access to further quantities of ore that will be mined in future periods, in which case, the stripping costs are capitalized to property, plant and equipment.

Cost of production of concentrate inventory is determined on a weighted average cost basis and the cost of production of finished metal inventory is determined using the first in first out basis. The cost of production includes direct costs associated with conversion of production inventory based on normal production capacity: material, labour, contractor expenses, purchased concentrates, and an attributable portion of production overheads and depreciation of all property, plant and equipment involved with the mining and production process. Hudbay measures in-process inventories based on assays of material received at metallurgical plants and estimates of recoveries in the production processes. Due to significant uncertainty associated with volume and metal content, immaterial costs are not allocated to routine operating levels of stockpiled ore. Estimates and judgements are required to assess the nature of any significant changes to levels of ore stockpiles and determining whether allocation of costs is required.

Supplies are valued at the lower of average cost and net realizable value.

(g) Exploration and evaluation expenditures:

Exploration and evaluation activity begins when Hudbay obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility, and the assessment of commercial viability of an identified resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interest in mineral rights, licenses and properties and the costs of Hudbay's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Hudbay expenses the cost of its exploration and evaluation activities and capitalizes the cost of acquiring interest in mineral rights, licenses and properties in business combinations, asset acquisitions or option agreements. Amounts capitalized are recognized as exploration and evaluation assets and presented in property, plant and equipment. Exploration and evaluation assets acquired as a result of an asset acquisition or option agreement are initially recognized at cost, and those acquired in a business combination are recognized at fair value on the acquisition date. They are subsequently carried at cost less accumulated impairment. No depreciation is charged during the exploration and evaluation phase. Hudbay expenses the cost of subsequent exploration and evaluation activity related to acquired exploration and evaluation assets. Cash flows associated with acquiring exploration and evaluation assets are classified as investing activities in the consolidated statements of cash flows; those associated with exploration and evaluation expenses are classified as operating activities.

Judgement is required in determining whether the respective costs are eligible for capitalization where applicable, and whether they are likely to be recoverable, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available.

Hudbay monitors exploration and evaluation assets for factors that may indicate their carrying amounts are not recoverable. If such indicators are identified, the Company tests the exploration and evaluation assets or their CGUs, as applicable, for impairment. Hudbay also tests for impairment when assets reach the end of the exploration and evaluation phase.

Exploration and evaluation assets are transferred to capital works in progress within property, plant and equipment once the Company determines that probable future economic benefits will be generated as a result of the expenditures. Hudbay's determination of probable future economic benefit is based on management's evaluation of the technical feasibility and commercial viability of the geological properties of a given ore body based on information obtained through evaluation activities, including metallurgical testing, resource and reserve estimates and the economic assessment of whether the ore body can be mined economically. Tools that may be used to determine this include a preliminary feasibility study, confidence in converting resources into reserves and the probability that the property could be developed into a mine site. At that time, the property is considered to enter the development phase, and subsequent evaluation costs are capitalized.

(h) Property, plant and equipment:

Hudbay measures items of property, plant and equipment at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of an item of property, plant and equipment includes its purchase price or construction costs, including import duties and non-refundable purchase taxes, any costs directly attributable to bringing the asset into operation, and for qualifying assets, borrowing costs. The initial cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation which Hudbay incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Capitalization of costs ceases once an asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. At this time, depreciation commences. For a new mine, this occurs upon commencement of commercial production. Any revenues less cost to produce, earned prior to commencement of commercial production, are included in the consolidated income statements.

Carrying amounts of property, plant and equipment, including right-of-use ("ROU") assets, are depreciated to their estimated residual value over the estimated useful lives of the assets or the estimated life of the related mine or plant, if shorter. Where components of an asset have different useful lives, depreciation is calculated on each separate component. Components may be physical or non-physical, including the cost of regular major inspections and overhauls required in order to continue operating an item of property, plant and equipment.

Certain items of property, plant and equipment are depreciated on a unit-of-production basis. The unit-of-production method is based on proven and probable tonnes of ore reserves. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that were valid at the reporting date may change when new information becomes available. The actual volume of ore extracted and any changes in these assumptions could affect prospective depreciation rates and carrying values.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Upon derecognition of an item of property, plant and equipment, the difference between its carrying value and net sales proceeds, if any, is presented as a gain or loss in other operating income or expense in the consolidated income statements.

i. Capital works in progress:

Capital works in progress consist of items of property, plant and equipment in the course of construction or mineral properties in the course of development, including those transferred upon completion of the exploration and evaluation phase. On completion of construction or development, costs are transferred to plant and equipment and/or mining properties as appropriate. Capital works in progress are not depreciated.

ii. Mining properties:

Mining properties consist of costs transferred from capital works in progress when a mining property reaches commercial production, costs of subsequent mine and exploration development, and acquired mining properties in the production stage.

Mining properties include costs directly attributable to bringing a mineral asset into the state where it is capable of operating in the manner intended by management and includes such costs as the cost of shafts, ramps, track haulage drifts, ancillary drifts, pumps, electrical substations, refuge stations, ventilation raises, permanent manways, and ore and waste pass raises. The determination of development costs to be capitalized during the production stage of a mine operation requires the use of judgements and estimates such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result.

A mining property is considered to be capable of operating in a manner intended by management when it commences commercial production based on pre-established criteria. Upon commencement of commercial production, a mining property is depreciated on a unit-of-production method. Unit-of-production depreciation rates are determined based on the related proven and probable mineral reserves and associated future development costs.

Subsequent mine development costs are capitalized to the extent they are incurred in order to access reserves mineable over more than one year. Ongoing maintenance and development expenditures are expensed as incurred and included in cost of sales in profit or loss. These include ore stope access drifts, footwall and hangingwall drifts in stopes, drawpoints, drill drifts, sublevels, slots, drill raises, stope manway access raises and definition diamond drilling.

iii. Plant and equipment:

Plant and equipment consists of buildings and fixtures, surface and underground fixed and mobile equipment and assets under lease.

Plant and equipment are depreciated on either unit-of-production or straight-line basis based on factors including the production life of assets and mineable reserves. In general, mining assets are depreciated using a unit-of-production method; equipment is depreciated using the straight-line method, based on the shorter of its useful life and that of the related mine or facility; and plants are depreciated using the straight-line method, with useful lives limited by those of related mining assets.

iv. Right-of-use lease assets:

At inception of a contract, Hudbay assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses the following criteria in the determination of whether a contract conveys the right to control the use of an identified asset:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has substantive substitution rights, then the asset is not identified;
- Hudbay has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Hudbay has the right to direct the use of the asset by means of decision making rights that are most relevant to changing how and for what purpose the asset is used. In the case where decisions about the asset's purpose is predetermined, Hudbay is deemed to have the right to direct the use of the asset if either:
  - Hudbay has the right to operate the asset; or,
  - Hudbay designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognizes a ROU asset and lease liability at the lease commencement date. The initial measurement of the ROU asset is on a present value basis. This is based on the calculated lease liability plus any initial direct costs incurred, an estimate of removal or restoration costs, and any payments made prior to commencement of the lease less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are yet to be paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, Hudbay's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for applicable leases.

Lease payments included in the measurement of the lease liability comprise fixed payments including in substance fixed payments and variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the additional costs Hudbay reasonably expects to incur due to purchase options, extension options and termination options reasonably expected to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the expected future cash flows of a leasing contract either due to a change in index or rate, or due to a change in terms of the contract. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset is zero.

Hudbay has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component for lease contracts of all asset classes.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. Hudbay recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Hudbay does not enter into transactions where the Company acts as a lessor.

The incremental borrowing rate used for new ROU leases is a key management judgement.

v. Depreciation rates of major categories of assets:

- Capital works in progress - not depreciated
- Mining properties - unit-of-production
- Mining asset - unit-of-production
- Plant and Equipment
  - Equipment - straight-line over 1 to 20 years
  - Other plant assets - straight-line over 1 to 20 years/unit-of-production
- ROU Assets - straight-line over 1 to 20 years

Hudbay reviews its depreciation methods, remaining useful lives and residual values at least annually and accounts for changes in estimates prospectively.

vi. Commercial production:

Commercial production is the level of activities intended by management for a mine, or a mine and mill complex, to be capable of operating in the manner intended by management. Hudbay considers a range of factors when determining the level of activity that represents commercial production for a particular project, including a predetermined percentage of design capacity for the mine and mill; achievement of continuous production, ramp-ups, or other output; or specific factors such as recoveries, grades, or inventory build-ups. In a phased mining approach, management may consider achievement of specific milestones at each phase of completion. In a non-phased mining approach, management considers average actual metrics that are at least 60% of average design capacity or plan over a continuous period. Management assesses the operation's ability to sustain production over a period of approximately one to three months, depending on the complexity related to the stability of continuous operation. Commercial production is considered to have commenced, and depreciation expense is recognized, at the beginning of the month after criteria have been met.

vii. Capitalized borrowing costs:

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time, generally one year or more, to get ready for their intended use or sale. Capitalization of borrowing costs ceases once the qualifying assets commence commercial production or are otherwise ready for their intended use or sale.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of interest rates applicable to relevant general borrowings of Hudbay during the period, to a maximum of actual borrowing costs incurred. Investment income earned by temporarily investing specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Capitalization of interest is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognized in the consolidated income statements in the period in which they are incurred.

viii. Capitalized stripping costs:

Costs associated with stripping activities in an open pit mine are capitalized to inventory and recorded through cost of sales unless the stripping activity can be shown to improve access to further quantities of ore that will be mined in future periods, in which case, the stripping costs are capitalized to property, plant and equipment. Capitalized stripping costs are included in "mining properties" within property, plant and equipment.

Capitalized stripping costs are depreciated using a units-of-production method over the expected reserves within a given phase of mine development.

(i) Impairment of non-financial assets:

At the end of each reporting period, Hudbay reviews the carrying amounts of property, plant and equipment, exploration and evaluation assets and intangible assets - computer software to determine whether there is any indication of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss, if any. Hudbay generally assesses impairment at the level of CGUs, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of cash inflows from other assets.

Hudbay's CGUs consist of Manitoba, British Columbia, Peru, Arizona and greenfield exploration assets.

The Company allocates near mine exploration and evaluation assets to CGUs based on their operating segment, geographic location and management's intended use for the property. Near mine exploration and evaluation assets are allocated to CGUs separate from those containing producing or development-phase assets, except where such exploration and evaluation assets have the potential to significantly affect the future production of producing or development-phase assets.

Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. The Company performs goodwill impairment tests on an annual basis as at December 31 each year. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are recorded in the consolidated income statements and they are not subsequently reversed.

Where an indicator of impairment exists, a formal estimate of the recoverable amount of the asset or CGU is made. The recoverable amount is the higher of the fair value less costs of disposal and value in use:

- Fair value less costs of disposal is the amount obtainable from the sale of the asset or CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Fair value for mineral assets is often determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to arrive at a net present value of the asset.

- Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset or CGU in its present form and its eventual disposal, discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use calculations apply assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value, and consequently the value in use calculation is likely to give a different result to a fair value calculation.

Hudbay estimates future cash flows based on estimated future recoverable mine production, expected sales prices (considering current and historical commodity prices, price trends and related factors), production levels and cash costs of production, all based on detailed engineering LOM plans. Future recoverable mine production is determined from reserves and resources after taking into account estimated dilution and recoveries during mining, and estimated losses during ore processing and treatment. Estimates of recoverable production from measured, indicated and inferred mineral resources not included in the LOM plan are assessed for economic recoverability and may also be included in the valuation of fair value less costs of disposal. Gains from the expected disposal of assets are not included in estimated future cash flows. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Changes in estimates may affect the expected recoverability of the Company's investments in mining properties.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized in the consolidated income statements in the expense category consistent with the function of the impaired asset or CGU. Hudbay presents impairment losses on the consolidated income statements as part of results from operating activities. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of other assets in the CGU on a pro-rata basis for depreciable assets.

The Company assesses previously recognized impairment losses each reporting date for any indications that the losses have decreased or no longer exist. Such an impairment loss is reversed, in full or in part, if there have been significant changes with a positive effect on the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the asset in prior years. Such reversals of impairment losses are recognized in the consolidated income statements. An impairment loss recognized in relation to goodwill is not reversed for subsequent increases in the recoverable amount.

(j) Pension and other employee benefits:

Hudbay has non-contributory and contributory defined benefit programs for the majority of its Canadian employees. The defined benefit pension benefits are based on years of service and final average salary for the salaried plans and are based on a flat dollar amount combined with years of service for the hourly plans. The Company provides non pension health and other post-employment benefits to certain active employees and pensioners (post-employment benefits) and also provides disability income, health benefits and other post-employment benefits to hourly and salaried disabled employees (other long-term employee benefits).

Hudbay accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and post-employment benefits. The actuarial determination of the accrued benefit obligations for pensions and post-employment benefits uses the projected benefit method pro-rated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). For other long-term employee benefits, the Company recognizes the full cost of the benefit obligation at the time the employee becomes disabled. Actuarial advice is provided by external consultants.

For the funded defined benefit plans, Hudbay recognizes the deficit or excess of the fair value of plan assets over the present value of the defined benefit obligation as a liability or an asset in the consolidated balance sheets. However, the Company recognizes an excess of assets only to the extent that it represents a future economic benefit which is available in the form of refunds from the plan or reductions in future contributions to the plan. When these criteria are not met, it is not recognized but is disclosed in the notes to the consolidated financial statements. Impacts of minimum funding requirements in relation to past service are considered when determining the balance sheet position.

Defined benefit costs are categorized as follows:

- Service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements and administration costs);
- Net interest expense or income; and,
- Remeasurement.

The first two components of defined benefit costs shown above are recognized in the consolidated income statements. Past service cost as well as curtailment gains are recognized in the consolidated income statements in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Purchases and sales of plan assets are recorded on settlement date.

Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated balance sheets with a gain or loss recognized in OCI in the period in which they occur. Remeasurement recognized in OCI is reflected in the remeasurement reserve and will not be reclassified to the consolidated income statements. For the other long-term employee benefits plan, remeasurements are recognized immediately in the consolidated income statements.

Actuarial determinations used in estimating obligations relating to these plans incorporate assumptions using management's best estimates of factors including plan performance, salary escalation, retirement dates of employees and healthcare cost escalation rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates on corporate bonds in the respective currency with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Hudbay also has defined contribution plans providing pension benefits for certain of its salaried employees and certain of its US employees utilizing 401K plans. The Company recognizes the cost of the defined contribution plans based on the contributions required to be made during each period.

Termination benefits are recognized as an expense when Hudbay is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits that are payable more than one year after the reporting period are discounted to their present value.

(k) Environmental and other provisions:

Provisions are recognized when Hudbay has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. The provisions are recorded as management's best estimate of the amount required to settle an obligation.

Provisions are stated at their present value, which is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Decommissioning, restoration and similar liabilities

Provisions are recorded for legal and constructive obligations associated with the future costs of rehabilitating the Company's current and previous operating and development sites. Such costs are associated with decommissioning and restoration activities such as dismantling and removing structures, rehabilitating mines and tailings, and reclamation and re-vegetation of affected areas.

The present value of estimated costs is recorded in the period in which the asset is installed or the environment is disturbed and a reasonable estimate of future costs and discount rates can be made. The provision is discounted using a risk-free rate, and estimates of future cash flows are adjusted to reflect risk.

Subsequent to the initial measurement, the obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance expense, whereas increases and decreases due to changes in the estimated future cash flows, which are not the result of current inventory production, are capitalized and depreciated over the life of the related operating asset. Actual costs incurred upon settlement of the site restoration obligation are charged against the provision to the extent the provision was established for those costs. Upon settlement of the liability, a gain or loss may be recorded. For closed sites, changes to estimated costs are recognized immediately in the consolidated income statements within other expenses.

Hudbay assesses the reasonableness of its estimates and assumptions each year and when conditions change, the estimates are revised accordingly. Judgement is required to determine the scope and timing of future decommissioning and restoration activities, as well as best available estimates and assumptions including discount rates, expected timing of decommissioning and restoration costs, inflationary factors and market risks. Changes in cost estimates, which may arise from changes in technology and pricing of the individual components of the cost may result in offsetting changes to the asset and liability and corresponding changes to the associated depreciation and finance costs. In view of the uncertainties concerning these future obligations, the ultimate timing and cost of reclamation and mine closure may differ materially from these estimates.

If the change in estimate results in a significant increase in the decommissioning liability and therefore an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole and, if so, tests for impairment in accordance with IAS 36, *Impairment of non-financial assets*. If, for mature mines, the revised mine assets net of decommissioning and restoration liabilities exceeds the recoverable value, that portion of the increase is charged directly to expense as an impairment loss, within the gross profit / (loss) line.

In view of the uncertainties concerning environmental remediation, the ultimate cost of decommissioning and restoration liabilities could differ materially from the estimated amounts provided. The estimate of the total liability is subject to change based on amendments to laws and regulations and as new information concerning Hudbay's operations becomes available. Future changes, if any, to the estimated total liability as a result of amended requirements, laws, regulations and operating assumptions, as well as discount rates, may be significant and would be recognized prospectively as a change in accounting estimate, when applicable. Environmental laws, regulations and technology are continually evolving in all regions in which the Company operates. Hudbay is not able to determine the impact, if any, of environmental laws, regulations and technology that may be enacted in the future on its results of operations or financial position due to the uncertainty surrounding the ultimate form that such future laws and regulations may take.

Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting obligations under the contract exceed the economic benefits expected to be received under it. Hudbay records a provision for any onerous contracts at the lesser of costs to comply with a contract and costs to terminate it.

Restructuring provisions

A provision for restructuring is recognized when management, with appropriate authority within Hudbay, has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(l) Financial instruments:

Non-derivative financial instruments are initially recognized at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, directly attributable transaction costs. Measurement in subsequent periods depends on the financial instrument's classification. Hudbay uses trade date accounting for regular way purchases or sales of financial assets. The Company determines the classification of its financial instruments and non-financial derivatives at initial recognition.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when, and only when, Hudbay has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The classification of financial assets is based on the results of the contractual characteristics test and the business model assessment which will result in the financial asset being classified as either: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

i. Non-derivative financial instruments - classification:

Financial assets at fair value through profit or loss

Provisionally priced copper and zinc concentrate sales receivables, warrants and investments in securities of junior mining companies are classified as financial assets at fair value through profit or loss and are measured at fair value. The gains or losses related to changes in fair value are reported in the consolidated income statements.

Amortized cost

Cash, certain receivables, other assets related to agreements with communities near the Peru operations, trade and other payables, long-term debt and restricted cash are classified as and measured at amortized cost and are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

Non-derivative financial liabilities

Accounts payable and senior unsecured notes are initially recognized at fair value and subsequently accounted for at amortized cost, using the effective interest method. The amortization of senior unsecured notes issue costs is calculated using the effective interest rate method.

ii. Derivatives:

Derivatives are initially recognized at fair value when Hudbay becomes a party to the derivative contract and are subsequently re-measured to fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated income statements immediately unless the derivative is designated and effective as a hedging instrument. Derivatives with positive fair value are recognized as assets; derivatives with negative fair value are recognized as liabilities.

Derivatives contracts that are entered to economically hedge a risk exposure but are not designated as a hedging instrument for hedge accounting purposes, and are physically settled, are initially and subsequently measured at fair value. Subsequent movements in fair value are recognized within the revenue line item in the consolidated income statements.

iii. Embedded derivatives:

Hudbay considers whether a contract contains an embedded derivative when it becomes a party to the contract. Derivatives embedded in other financial liabilities or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

iv. Fair value of financial instruments:

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. Bid prices are generally used for assets held or liabilities to be issued; asking prices are generally used for assets to be acquired or liabilities held.

For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models.

The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques use significant observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices), or valuations are based on quoted prices for similar instruments; and,
- Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

An analysis of fair values of financial instruments is provided in note 30.

v. Impairment of financial instruments:

Hudbay recognizes loss allowances for Expected Credit Losses ("ECL") for trade receivables not measured at FVTPL.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECL. ECL is a probability-weighted estimate measured at the present value of all cash shortfalls including the impact of forward-looking information.

Hudbay has established a provision based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

vi. Derecognition of financial instruments:

Hudbay derecognizes financial assets when the contractual rights to the cash flows from the assets expire, or when the Company transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by Hudbay is recognized as a separate asset or liability.

Hudbay derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire or when its terms are modified and the cash flows of the modified liability are substantially different.

(m) Taxation:

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Hudbay is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Additionally, future changes in tax laws in the jurisdictions in which Hudbay operates could limit the ability of the Company to obtain tax deductions in future periods.

Deferred Tax

Deferred tax is recognized using the balance sheet method in respect of temporary differences at the balance sheet date between the tax basis of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

To the extent that it is probable that taxable profit will be available to offset the deductible temporary differences, Hudbay recognizes the deferred tax asset regarding the temporary difference on decommissioning, restoration and similar liabilities and recognizes the corresponding deferred tax liability regarding the temporary difference on the related assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Judgement is required in determining whether deferred tax assets are recognized on the consolidated balance sheets. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood of taxable profit in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability to realize the net deferred tax assets recorded at the balance sheet date could be affected.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognized outside profit or loss (whether in other comprehensive income or directly in equity) are recognized outside profit or loss and not in the consolidated income statements. Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax.

(n) Share capital and reserves:

Transaction costs

Transaction costs directly attributable to equity transactions are recognized as a deduction from equity.

Other capital reserve

The other capital reserve is used for equity-settled share-based compensation and includes amounts for stocks options granted and not exercised.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. Exchange differences arising from the translation of the financial statements of foreign operations form part of the net investment in the foreign operation. Translation gains and losses remain in the reserve until disposal of all or a portion of the foreign operation.

(o) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Corporation separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Corporation's common shares and the issue price of the flow-through share and ii) share capital. Upon qualifying exploration and/or development expenditures being incurred, the sale of tax deductions is recognized as other income in the income statement and the related liability is reduced. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced, in accordance with the Canadian Income Tax Act flow-through regulations. When applicable, the estimated tax payable is accrued until paid.

(p) Share-based compensation:

Hudbay compensates its employees in part through the use of a Deferred Share Unit ("DSU") plan for non-employee members of the Board of Directors, a Restricted Share Unit ("RSU") plan for employees, a Performance Share Unit ("PSU") plan for employees and a stock option plan for employees. These plans are included in provisions on the consolidated balance sheets and further described in note 27. Changes in the fair value of the liabilities are recorded in the consolidated income statements.

Cash-settled transactions, consisting of DSUs, RSUs and PSUs, are initially measured at fair value and recognized as an obligation at the grant date. The liabilities are remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in the consolidated income statements. Hudbay values the liabilities based on the change in the Company's share price. Additional DSUs, RSUs and PSUs are credited to reflect dividends paid on Hudbay common shares over the vesting period. The current portion of the liability reflects those grants that have vested or that are expected to vest within twelve months.

DSUs vest on the grant date and are redeemable when a participant is no longer a member of the Board of Directors. Issue and redemption prices of DSUs are based on the average closing price of the Company's common shares for the five trading days prior to issuance or redemption.

RSUs and PSUs are issued under Hudbay's Long Term Equity Plan ("LTEP Plan") and vest on or before the third anniversary of the grant. RSUs and PSUs granted under the LTEP Plan may be settled in the form of the Company's common shares or, at the option of Hudbay, the cash equivalent based on the market price of the common shares as of the vesting date. Hudbay has historically settled RSUs in cash. Except in specified circumstances, RSUs and PSUs terminate when an employee ceases to be employed by the Company. Valuations of RSUs and PSUs reflect estimated forfeitures.

Equity-settled transactions with employees relate to stock options and are measured by reference to the fair value at the earlier of the grant date and the date that the employee unconditionally became entitled to the award. Fair value is determined using a Black-Scholes option pricing model, which relies on estimates of the future risk-free interest rate, future dividend payments, future share price volatility and the expected average life of the options. Hudbay believes this model adequately captures the substantive features of the option awards and is appropriate to calculate their fair values. The fair value determined at the grant date is recognized over the vesting period in accordance with vesting terms and conditions, with a corresponding increase to other capital reserves. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met.

(q) Earnings per share:

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which previously consisted of stock options granted to employees and warrants.

When calculating earnings per share for periods where the Company has a loss, Hudbay's calculation of diluted earnings per share excludes any incremental shares from the assumed conversion of stock options as they would be anti-dilutive.

(r) Leases:

Leases, under which substantially all the risks and rewards incidental to ownership of the leased item are transferred to Hudbay, are capitalized as assets at the inception of the lease at the lower of fair value or the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated income statements as finance costs.

Non-ROU lease payments are recognized as an expense in the consolidated income statements on a straight-line basis over the lease term.

(s) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses and for which discrete financial information is available. Hudbay's chief executive officer regularly reviews the operating results of each operating segment to make decisions about resources to be allocated to the segment and assess its performance. In determining operating segments, Hudbay considers location and decision-making authorities. Refer to note 35.

4. New standards

New standards and interpretations adopted

(a) Amendment to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

The amendments to IAS 1 help companies provide useful accounting policy disclosures. The adoption of the new standard effective January 1, 2023 did not impact the consolidated financial statements of the Company.

(b) Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules

In May 2023, the IASB issued International Tax Reform-Pillar Two Model Rules, which amended IAS 12, Income Taxes, to introduce a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities. The relief is effective immediately upon issuance of the amendments while the targeted disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023. The Company has applied the exception and is currently assessing the impact of the disclosure requirements on its consolidated financial statements.

Based on the existing revenue thresholds applicable under the Pillar Two Model Rules, the Company is within the scope of the rules as gross revenues exceed 750,000 Euros. As the legislation has not been enacted or substantively enacted in Canada, the Company continues to evaluate the impact of the legislation on its consolidated financing statements.

New standards issued but not yet effective

(c) Amendment to IAS 1 - Presentation of Financial Statements

The amendments to IAS 1 clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations that the entity will exercise its right to defer settlement of a liability. Lastly, the amendments clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets. The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company is still assessing the impact of adoption of this amendment on its consolidated financial statements.

5. Acquisition of Copper Mountain Mining Corporation

On June 20, 2023, Hudbay acquired all of the issued and outstanding common shares of Copper Mountain, as part of a court-approved plan of arrangement. At the time, Copper Mountain held 75% of CMBC, the entity that owns 100% of the Copper Mountain mine. MMC owns the remaining 25% interest in CMBC as a non-controlling interest. As described in Note 1 above, on January 1, 2024, Hudbay amalgamated with Copper Mountain and continued as Hudbay Minerals Inc. Following the amalgamation, the Company directly holds a 75% interest in CMBC.

As a result of the acquisition, Hudbay obtained control of Copper Mountain on June 20, 2023.

Management determined that the assets and processes comprised a business and therefore accounted for the transaction as a business combination, using the acquisition method of accounting.

Consideration transferred:

The purchase consideration paid by Hudbay was for 100% of the net assets of Copper Mountain and their 100% owned subsidiaries ("100% owned entities") and a 75% ownership in CMBC. The aggregate purchase consideration for the acquired assets, net of the liabilities assumed is as follows:

Equity instruments (84,165,617 common shares of Hudbay)	**$**	**436,687**
Cash		**3,794**
Consideration transferred - June 20, 2023	**$**	**440,481**

The fair value of the common shares issued was based on Hudbay's listed share price of C$ 6.87 at the June 20, 2023 acquisition date. Immediately prior to the acquisition, Copper Mountain settled its outstanding restricted share units and performance share units through the issuance of shares and settled its stock options for replacement Hudbay options that were immediately settled in cash.

Hudbay incurred acquisition related costs of $ 6,932 during the year ended December 31, 2023, mainly relating to external legal and advisory fees and due diligence costs, which were recorded in other expense in the consolidated income statements. In addition, Hudbay incurred share issuance costs of $188 and presented these as a deduction from share capital.

Identifiable assets acquired and liabilities assumed:

The fair value of the net assets was determined using a combination of market, income and cost methods. The fair value of the non-controlling interest was then computed at a 25% of the equity interest in CMBC.

The following presents the allocation of the purchase price, resulting in recognized fair value amounts of identifiable assets acquired and liabilities assumed as follows:

Fair value of net assets acquired / (liabilities) assumed	**Preliminary**	**Adjustment**	**Final**
Cash and cash equivalent	$ 14,483	$ -	$ 14,483
Trade and other receivables	19,110	-	19,110
Inventories	47,875	-	47,875
Prepaid expenses	3,096	-	3,096
Other financial assets	8,495	-	8,495
Property, plant and equipment	434,419	402	434,821
Mineral properties	383,000	(14,000)	369,000
Inventories - low grade stockpile	6,000	-	6,000
Trade and other payables	(77,111)	-	(77,111)
Advances from Hudbay	(3,421)	-	(3,421)
Lease liabilities	(44,167)	9,550	(34,617)
Other financial liabilities	-	(9,550)	(9,550)
Long-term debt	(144,981)	-	(144,981)
Environmental and other provisions	(12,702)	-	(12,702)
Deferred tax liabilities	(153,208)	4,962	(148,246)
Total fair value of net identifiable assets acquired	**$ 480,888**	**$ (8,636)**	**$ 472,252**

The fair values allocated to assets acquired and liabilities assumed previously reported as at June 30, 2023 was based on the preliminary estimates at the acquisition date and subject to change for up to one year from the acquisition date. As of the date of the audited annual consolidated financial statements, the allocation of purchase price with respect to the fair value increment of assets acquired and liabilities assumed has been updated to reflect new information obtained that existed at the acquisition date. The Company has finalized its full assessment of the fair value of net assets acquired.

The fair values of mineral properties, low grade stockpile and other property, plant and equipment have been determined based on an independent valuation, using a combination of market, income and cost methods. In particular, the fair values of the mineral properties and low grade stockpile have been calculated using significant judgements and estimates.

Trade receivables acquired as part of the acquisition have a fair value of $ 8,764 which is equal to their gross contractual value. Other receivables acquired have a fair value of $10,346 which is equal to their gross contractual value. Trade and other receivables are expected to be collected during the next 12 months.

Hudbay provided advances to Copper Mountain prior to the acquisition date, which have been recorded as a purchaser loan.

Hudbay recognized goodwill as a result of the acquisition as follows:

	Preliminary	Adjustment	Final
Total consideration transferred	$ 440,481	$ -	$ 440,481
Non-controlling interest	106,976	-	106,976
Less: value of net identifiable assets acquired	(480,888)	8,636	(472,252)
Goodwill upon acquisition at June 20, 2023	**$ 66,569**	**$ 8,636**	**$ 75,205**

The goodwill balance arose from the requirement to record deferred income tax liabilities measured at the tax effect of the difference between the fair values of the assets acquired and liabilities assumed and their tax bases. None of the goodwill recognized is expected to be deductible for income tax purposes.

The results of operations have been consolidated with those of the Company from the date of acquisition and included in the British Columbia operating segment. Had the business combination been affected at January 1, 2023, revenue and profit of the combined entity would have been $1,824,713 and $27,406 respectively. The revenue and net profit contributed from the acquisition of Copper Mountain has been $165,438 and $13,376 respectively.

6. Acquisition of Rockcliff Metals Corporation

On September 14, 2023, Hudbay acquired all of the issued and outstanding common shares of Rockcliff, as part of a court-approved plan of arrangement. In doing so, Hudbay obtained control of Rockcliff on September 14, 2023. As described in Note 1 above, on January 1, 2024, Hudbay amalgamated with Rockcliff and continued as Hudbay Minerals Inc. Following the amalgamation, the Company directly holds all of Rockcliff's mineral properties and other assets.

Management determined that substantially all of the fair value of the gross assets acquired is concentrated in the Talbot exploration property and therefore accounted for the transaction as an asset acquisition.

The purchase consideration paid was 2,675,324 Hudbay common shares and 517,460 Hudbay warrants. For asset acquisitions settled with equity, entities are required to record the net assets acquired based on the fair value of the assets received in exchange for the equity issued, unless that fair value cannot be estimated reliably. Hudbay incurred acquisition related costs of $518 during the third quarter of 2023, mainly relating to external legal and advisory fees and due diligence costs, which were capitalized and included as a cost of acquiring the net assets.

The fair value of the net assets acquired was determined using a combination of income and cost methods. In particular, the fair values of the exploration property have been calculated using significant judgements and estimates. The following presents the fair value amounts of identifiable assets acquired and liabilities assumed:

Fair value of net assets acquired / (liabilities) assumed		
Cash and cash equivalents	$	270
Accounts receivable and prepaid expenses		98
Property, plant & equipment		33
Exploration property		14,198
Accounts payable and accrued liabilities		(305)
Advance from Hudbay		(548)
Total fair value of net identifiable assets acquired	**$**	**13,746**

7. Revenue and expenses

(a) Revenue

Hudbay's revenue by significant product types:

	Year ended December 31,	
	2023	2022
Copper	**$ 1,065,830**	$ 838,126
Zinc	**76,611**	223,400
Gold	**463,009**	325,133
Silver	**35,594**	24,959
Molybdenum	**79,370**	54,531
Other	**239**	5,374
Revenue from contracts	**1,720,653**	1,471,523
Non-cash streaming arrangement items [1]		
Amortization of deferred revenue - gold	**39,764**	35,994
Amortization of deferred revenue - silver	**32,660**	36,235
Amortization of deferred revenue - variable consideration adjustments - prior periods	**4,885**	959
	77,309	73,188
Pricing and volume adjustments [2]	**5,780**	(14,335)
	1,803,742	1,530,376
Treatment and refining charges	**(113,712)**	(68,936)
	$ 1,690,030	$ 1,461,440

[1] See note 21.

[2] Pricing and volume adjustments represent mark-to-market adjustments on initial estimate of provisionally priced sales, realized and unrealized changes to fair value of non-hedge derivative contracts and adjustments to originally invoiced weights and assays.

Consideration from the Company's stream agreements is considered variable (note 21). Gold and silver stream revenue can be subject to cumulative adjustments when the amount of precious metals to be delivered under the contract changes. As a result of changes in the Company's mineral reserve and resource estimate in the first quarter of 2023, the amortization rate by which deferred revenue is drawn down into income was adjusted and, as required, a variable consideration adjustment was made for all prior year stream revenues since the stream agreement inception date. This variable consideration adjustment for the year ended December 31, 2023 resulted in an increase of revenue of $4,885 (December 31, 2022 - increase of revenue of $ 959).

(b) Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets are reflected in the consolidated income statements as follows:

	Year ended December 31,	
	2023	2022
Cost of sales	**$ 391,657**	$ 337,615
Selling and administrative expenses	**1,411**	1,448
	$ 393,068	$ 339,063

(c) Share-based compensation expenses

Share-based compensation expenses are reflected in the consolidated income statements as follows:

	Cash-settled				Total share-based compensation expense
	RSUs	DSUs	PSUs	Stock options	
Year ended December 31, 2023					
Cost of sales	**$ 589**	**$ -**	**$ -**	**$ -**	**$ 589**
Selling and administrative	**2,076**	**1,717**	**621**	**2,137**	**6,551**
Other expenses	**217**	**-**	**-**	**-**	**217**
	$ 2,882	**$ 1,717**	**$ 621**	**$ 2,137**	**$ 7,357**
Year ended December 31, 2022					
Cost of sales	$ 420	$ -	$ -	$ -	$ 420
Selling and administrative	1,541	(849)	(1,011)	$ 1,848	1,529
Other expenses	115	-	-	-	115
	$ 2,076	$ (849)	$ (1,011)	$ 1,848	$ 2,064

During the year ended December 31, 2023, the Company granted 801,661 stock options (year ended December 31, 2022 - 602,614). For further details on stock options, see note 27b.

(d) Employee benefits expense

This table presents employee benefit expense recognized in the consolidated income statements, including amounts transferred from inventory upon sale of goods:

	Year ended December 31,	
	2023	2022
Current employee benefits	**$ 193,534**	$ 184,100
Profit-sharing plan expense	**28,671**	22,002
Share-based compensation (notes 7c, 22, 27)		
Equity settled stock options	**2,137**	1,848
Cash-settled restricted share units	**2,882**	2,076
Cash-settled deferred share units	**1,717**	(849)
Cash-settled performance share units	**621**	(1,011)
Employee share purchase plan	**1,822**	1,941
Post-employee pension benefits		
Defined benefit plans	**774**	9,737
Defined contribution plans	**701**	2,097
Post-employment plan curtailment (note 23, 24)	**50**	(2,384)
Post-employment plan attribution changes (note 24)	**-**	(3,179)
Other post-retirement employee benefits	**12**	8,894
Termination benefits	**4,588**	5,092
	$ 237,509	$ 230,364

Manitoba has a profit sharing plan required by the collective bargaining agreement whereby 10% of Manitoba's after tax profit (excluding provisions or recoveries for deferred income tax and deferred mining tax) for any given fiscal year will be distributed to all eligible employees in the Flin Flon/Snow Lake operations, with the exception of executive officers and key management personnel.

Peru has a profit sharing plan required by Peruvian law whereby 8% of Peru's taxable income will be distributed to all employees within Peru's operations.

The Company has an employee share purchase plan for executives and other eligible employees where participants may contribute between 1% and 10% of their pre-tax base salary to acquire Hudbay shares. The Company makes a matching contribution of 75% of the participant's contribution.

See note 23 for a description of Hudbay's pension plans and note 24 for Hudbay's other employee benefit plans.

(e) Other expenses

	Year ended December 31,	
	2023	2022
Regional costs	**$ 4,288**	$ 4,813
Loss (gain) on disposal of PP&E	**7,449**	(3,312)
Amortization of community costs (other assets)	**6,985**	2,720
Copper Mountain related acquisition costs (note 5)	**6,932**	708
Restructuring	**2,909**	10,609
Care & maintenance - Manitoba	**17,081**	9,040
Evaluation costs	**774**	7,964
Insurance recovery	**(4,226)**	(5,698)
Change in other provisions (non-capital)	**-**	5,798
Value-added-tax recovery	**(3,859)**	-
Other	**(25)**	(56)
	$ 38,308	$ 32,586

The Flin Flon concentrator and tailings impoundment has been shifted to care and maintenance to provide optionality should another mineral discovery occur in the Flin Flon area. During the year ended December 31, 2023, care & maintenance costs were $17,081 (year ended December 30, 2022 - $9,040).

During 2023, there were costs incurred related to the restructuring of the British Columbia operations of $ 2,909. During the year ended December 31, 2022, there were costs incurred related to the restructuring of the Manitoba operations in preparation for the closure of 777 mine, zinc plant and Flin Flon mill of $10,609. These costs were related to activities performed in advance of the mine's expected closure in June 2022 along with ongoing restructuring, closure and severance costs.

During 2023, loss on disposition of property, plant and equipment includes the disposition of non-current assets in Peru, Copper Mountain and Manitoba.

During 2022, gains on the disposition of property, plant and equipment and other non-current assets includes the disposition of Mason's Lordsburg property, along with dispositions of non-current assets as a result of the closure of our Flin Flon operations.

During 2023, a gain of $4,226 was recorded to reflect the insurance recovery claim proceeds following a barge at Copper Mountain that sank in March 2023. As of December 31, 2023, all of the proceeds have been received.

During 2022, a gain of $5,698 was recorded to reflect the insurance recovery claim proceeds following a shaft incident at 777 in October 2020. As of December 31, 2022, all of the proceeds have been received.

During 2023, a gain of $3,859 was recorded to reflect the recovery of a value-added tax receivable that had previously been written off in Peru.

(f) Net finance expense

	Year ended December 31,	
	2023	2022
Net interest expense on long-term debt		
Net interest expense on long-term debt	**$ 76,202**	$ 67,663
Accretion on streaming arrangements (note 21)		
Additions	**26,387**	28,718
Variable consideration adjustments - prior periods	**(96)**	(940)
	26,291	27,778
Change in fair value of financial assets and liabilities at fair value through profit or loss		
Gold prepayment liability (note 18)	**11,223**	3,426
Investments	**2,830**	(2,484)
	14,053	942
Other net finance costs		
Net foreign exchange loss (gain)	**5,342**	(5,384)
Accretion on community agreements measured at amortized cost	**4,178**	3,099
Accretion on environmental provisions	**9,948**	8,498
Accretion on Wheaton refund liability	**487**	879
Withholding taxes	**6,035**	6,092
Loss on disposal of investments	**667**	3,648
Other finance expense	**10,278**	7,885
Interest income	**(8,146)**	(2,606)
	28,789	22,111
Net finance expense	**$ 145,335**	$ 118,494

Other finance expense relates primarily to standby fees on Hudbay's revolving credit facilities and leases.

(g) Impairment loss

As a result of the Copper World Complex preliminary economic assessment released in June 2022, which contemplates the mining of the Copper World deposits and the Rosemont deposit in a two-phase mine plan, it was determined that certain capitalized costs and assets associated with the previous stand-alone development plan for the Rosemont deposit are no longer recoverable. As a result, during the second quarter of 2022, the Company recognized a pre-tax impairment loss of $94,956 related to these assets. The impairment loss was determined based on the specific identification of assets that are not expected to be recoverable under the Copper World Complex PEA. The Company presented the impairment losses within the Arizona segment in note 35. The fair value measurements used in the determination of impairment charges are categorized as level 2 based on the degree to which inputs are observable and have a significant effect on the recorded fair value.

8. Cash and cash equivalents

Cash and cash equivalents balances represent demand deposits and deposits with an original maturity date of less than 3 months.

9. Trade and other receivables

	Dec. 31, 2023	Dec. 31, 2022
Current		
Trade receivables	**$ 169,806**	$ 84,096
Statutory receivables	**27,215**	25,544
Other receivables	**6,408**	3,542
	203,429	113,182
Non-current		
Taxes receivable	**12,157**	13,329
	$ 215,586	$ 126,511

The increase in trade receivables during the year ended December 31, 2023, primarily relates to three shipments, representing approximately 30,000 tonnes of copper, which occurred late in the fiscal year and received revenue recognition but for which timing of cash receipts occur in 2024 along with the additional receivables related to Copper Mountain.

10. Inventories

	Dec. 31, 2023	Dec. 31, 2022
Current		
Stockpile	**$ 52,454**	$ 26,235
Finished goods	**61,266**	68,029
Materials and supplies	**93,614**	60,748
	207,334	155,012
Non-current		
Stockpile	**9,591**	42,785
Low grade stockpile [1]	**5,875**	-
Materials and supplies	**8,984**	7,940
	24,450	50,725
	$ 231,784	$ 205,737

[1]Stockpile of inventory that is not expected to be processed until the end of the Copper Mountain mine life.

The cost of inventories recognized as an expense, including depreciation, and included in cost of sales amounted to $ 1,159,727 for the year ended December 31, 2023 (year ended December 31, 2022 - $1,062,228).

During the year ended December 31, 2023, Hudbay recognized an expense of $ 2,308 in cost of sales related to adjustments of the carrying value of certain long term inventory supplies (year ended December 31, 2022 - expense of $4,110).

During the year ended December 31, 2022, Hudbay recognized a recovery of $ 557 in cost of sales related to adjustments of the carrying value of Peru inventories to net realizable value. Adjustments of the carrying value of inventories to net realizable value were related to changes in commodity prices.

11. Other financial assets

	Dec. 31, 2023	Dec. 31, 2022
Current		
Derivative assets	**$ 1,416**	$ 577
Guaranteed investment certificates	**722**	-
Restricted cash	**1,964**	486
	4,102	1,063
Non-current		
Investments at fair value through profit or loss	**6,452**	9,799
Guaranteed investment certificates	**637**	-
	7,089	9,799
	$ 11,191	$ 10,862

12. Intangibles and other assets

Intangibles and other assets of $ 52,453 (December 31, 2022 - $49,841) includes $48,428 of other assets (December 31, 2022 - $ 45,074) and $4,025 of intangibles (December 31, 2022 - $ 4,767).

Other assets represent the carrying value of certain future community costs that relate to agreements with communities near the Peru operations which allow Hudbay to extract or explore minerals over the useful life of Peru operations. The liability remaining for these costs is recorded in agreements with communities recorded at amortized cost (note 17). Amortization of the carrying amount is recorded in the consolidated income statements within other expenses (note 7e) or exploration expenses, depending on the nature of the agreement.

Intangibles mainly represent computer software costs. The following table summarizes changes in intangibles:

	Dec. 31, 2023	Dec. 31, 2022
Cost		
Balance, beginning of year	**$ 23,773**	$ 24,768
Additions	**514**	169
Disposals	**(3,432)**	(1,553)
Effects of movement in exchange rates	**351**	389
Balance, end of year	**21,206**	23,773
Accumulated amortization		
Balance, beginning of year	**19,006**	18,870
Depreciation for the year	**636**	1,057
Disposals	**(2,750)**	(1,274)
Effects of movement in exchange rates	**289**	353
Balance, end of year	**17,181**	19,006
Intangibles, net book value	**$ 4,025**	$ 4,767

13. Goodwill

The following table summarizes changes in goodwill:

Balance, January 1, 2023	$	-
Goodwill recognized on business combination (note 5)		75,205
Effects of changes in foreign exchange		80
Balance, December 31, 2023	**$**	**75,285**

Goodwill resulted from purchase price allocation associated with the Copper Mountain acquisition (note 5).

As of December 31, 2023 all goodwill relates to the British Columbia CGU. Goodwill is tested for impairment annually on December 31 or when circumstances indicate that the carrying value may not be recoverable. Goodwill impairment is determined by assessing the recoverable amount of the CGU.

For the impairment test completed at December 31, 2023, Fair Value Less Cost of Disposal, ("FVLCD") was used to determine the recoverable amount since it is higher than value in use. FVLCD was calculated using discounted after-tax cash flows based on cash flow projections and assumptions in Hudbay's most current LOM. The fair value measurement in its entirety is categorized as Level 3 based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value. LOM plans are based on optimized mine and processing plans and the assessment of capital expenditure requirements of a mine site.

Management used judgement in determining estimates and assumptions with respect to discount rates, future production levels including amounts of recoverable reserves, resources and exploration potential, operating and capital costs, long-term metal prices, value of mineral resources not included in the LOM plan and future foreign exchange rates. Metal pricing assumptions were based on consensus forecast pricing, and the discount rates were based on a weighted average cost of capital, adjusted for country risk and other risks specific to the CGU. Cash flows were projected through to 2043. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

The discount rate was based on the CGU's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on the Canadian Government's marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a country risk premium, size premium and company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to the segment's jurisdiction. A real discount rate of 7.25% for the British Columbia CGU was used to calculate the estimated after- tax discounted future net cash flows, commensurate with its individual estimated level of risk.

Commodity prices used in the impairment assessment were determined by reference to external market participant sources. The key commodity price for this assessment is the price of copper. The cash flow calculations were based on estimates of future production levels applying forecasts for metal prices, which included forecasts for each year from 2024 to 2028 and long-term forecasts for years beginning in 2029. The cash flow calculations utilized a copper price of $3.75/lb starting in 2024. The cash flow calculations utilized a long-term copper price of $4.00/lb, and capital, operating and reclamation costs based on the most current LOM plans. A value of $ 311,000 was utilized to estimate the value of mineral resources not included in the LOM plan.

Expected future cash flows used to determine the FVLCD in the impairment test are inherently uncertain and could materially change over time. The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the CGUs to which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGU.

The estimated recoverable amount of the British Columbia CGU including goodwill exceeded its carrying amount as at December 31, 2023, accordingly no impairment was recorded.

14. Property, plant and equipment

Dec. 31, 2023	Exploration and evaluation assets	Capital works in progress	Mining properties	Plant and equipment	Plant and equipment-ROU assets[1]	Total
Balance, Jan. 1, 2023	$ 75,981	$ 778,851	$ 1,952,814	$ 2,742,617	$ 202,437	$ 5,752,700
Additions	20,638	125,564	3,171	41,848	21,401	212,622
Acquisition of PP&E from Copper Mountain	-	27,471	369,000	372,733	34,617	803,821
Capitalized stripping and development	-	-	111,247	-	-	111,247
Decommissioning and restoration	-	-	19,780	815	-	20,595
Capitalized accretion and depreciation	-	2,841	-	(201)	(1,251)	1,389
Transfers and other movements	-	(131,126)	11,882	119,244	-	-
Disposals	(74)	(583)	-	(30,925)	(4,271)	(35,853)
Effects of movements in exchange rates	356	1,002	13,224	16,723	411	31,716
Balance, Dec. 31, 2023	96,901	804,020	2,481,118	3,262,854	253,344	6,898,237
Accumulated depreciation						
Balance, Jan. 1, 2023	-	-	891,803	1,181,209	127,258	2,200,270
Depreciation for the year	-	-	193,199	180,858	18,954	393,011
Transfers and other movements	-	-	(6)	6	-	-
Disposals	-	-	-	(24,458)	(3,586)	(28,044)
Effects of movement in exchange rates	-	-	8,843	7,989	162	16,994
Balance, Dec. 31, 2023	-	-	1,093,839	1,345,604	142,788	2,582,231
Net book value	$ 96,901	$ 804,020	$ 1,387,279	$ 1,917,250	$ 110,556	$ 4,316,006

[1] Includes $4,800 of capital works in progress - ROU assets (costs) that relate to the Arizona business unit (December 31, 2022 - $ 5,413, related to the Arizona business unit).

Dec. 31, 2022	Exploration and evaluation assets	Capital works in progress	Mining properties	Plant and equipment	Plant and equipment-ROU assets[1]	Total
Balance, Jan. 1, 2022	$ 88,207	$ 858,230	$ 2,434,000	$ 2,983,919	$ 259,726	$ 6,624,082
Additions	18,386	173,810	3,148	35,953	27,984	259,281
Capitalized stripping and development	-	-	89,262	-	-	89,262
Decommissioning and restoration	-	723	(12,583)	(25,248)	-	(37,108)
Derecognition of assets - cost	-	-	(547,923)	(422,524)	(2,950)	(973,397)
Capitalized accretion and depreciation	-	1,607	-	(2)	-	1,605
Transfers and other movements	(29,395)	(154,554)	3,825	231,444	(51,320)	-
Disposals	(215)	(1,091)	-	(7,691)	(28,434)	(37,431)
Impairment (Note 7g)	-	(94,956)	-	-	-	(94,956)
Effects of movements in exchange rates	(1,002)	(4,918)	(16,915)	(53,234)	(2,569)	(78,638)
Balance, Dec. 31, 2022	75,981	778,851	1,952,814	2,742,617	202,437	5,752,700
Accumulated depreciation						
Balance, Jan. 1, 2022	-	-	1,284,369	1,445,122	153,625	2,883,116
Depreciation for the year	-	-	155,503	169,096	22,786	347,385
Derecognition of assets - accumulated depreciation	-	-	(547,923)	(422,524)	(2,950)	(973,397)
Transfers and other movements	-	-	5	25,055	(25,060)	-
Disposals	-	-	-	(4,094)	(19,516)	(23,610)
Effects of movement in exchange rates	-	-	(151)	(31,446)	(1,627)	(33,224)
Balance, Dec. 31, 2022	-	-	891,803	1,181,209	127,258	2,200,270
Net book value	$ 75,981	$ 778,851	$ 1,061,011	$ 1,561,408	$ 75,179	$ 3,552,430

[1] Includes $5,413 of capital works in progress - ROU assets (costs) that relate to the Arizona business unit.

An indicator of impairment was identified in the first quarter of 2023 as a result of an updated life of mine ("LOM") plan for Peru which included updated costs reflecting recently experienced inflationary pressures. As such, management determined that a detailed impairment evaluation as at March 31, 2023 was required for the Peru CGU.

For the impairment test completed at March 31, 2023, FVLCD was used to determine the recoverable amount since it is higher than value in use. FVLCD was calculated using discounted after-tax cash flows based on cash flow projections and assumptions in Hudbay's most current LOM. The fair value measurement in its entirety is categorized as Level 3 based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value.

LOM plans are based on optimized mine and processing plans and the assessment of capital expenditure requirements of a mine site. LOM plans incorporate management's best estimates of key assumptions which are discount rates, future commodity prices, production based on current estimates of recoverable reserves, future operating and capital costs, value of mineral resources not included in the LOM plan and future foreign exchange rates. The cash flows are for periods up to the date that production is expected to cease, which is 16 years for the Peru CGU.

The discount rate was based on the CGU's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on the US Government's marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a country risk premium, size premium and company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to the segment's jurisdiction. A real discount rate of 7.00% for the Peru CGU was used to calculate the estimated after- tax discounted future net cash flows, commensurate with its individual estimated level of risk.

Commodity prices used in the impairment assessment were determined by reference to external market participant sources. The key commodity price for this assessment is the price of copper. Where applicable to each of the Group's CGUs, the cash flow calculations were based on estimates of future production levels applying forecasts for metal prices, which included forecasts for each year from 2023 to 2027 and long-term forecasts for years beginning in 2028. The cash flow calculations utilized a copper price of $3.75/lb starting in 2023. The cash flow calculations utilized a long-term copper price of $3.75/lb, and capital, operating and reclamation costs based on the most current LOM plans. A value of $210,000 was utilized to estimate the value of mineral resources not included in the LOM plan.

Expected future cash flows used to determine the FVLCD used in the impairment testing are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events, impairments may be identified. This may have a material effect on the Company's financial statements. Although it is reasonably possible for a change in key assumptions to occur, the possible effects of a change in any single assumption may not fairly reflect the impact on a CGU's fair value as the assumptions are inextricably linked. For example, a decrease in the assumed price of long-term copper could result in amendments to the mine plans which would partially offset the effect of lower prices. It is difficult to determine how all of these factors would interrelate; however, in deriving a recoverable amount, management believes all of these factors need to be considered. As of March 31, 2023, a reasonably possible change in one of the key assumptions, all else being equal, may cause the carrying value to exceed the recoverable amount.

Management determined that the fair value less cost to dispose exceeded the carrying value of the Peru CGU, accordingly no impairment was recorded.

At December 31, 2022, capital works in progress decreased compared to December 31, 2021 as a result of a pre-tax impairment charge of $94,956 related to certain capitalized costs and assets associated with the previous stand-alone development plan for the East deposit that are no longer recoverable (see note 7g).

The closure of the Flin Flon operations in the second quarter of 2022 has led to the derecognition of fully depreciated assets. This resulted in a decrease in both the cost and accumulated depreciation of the Mining Properties and Plant and Equipment categories.

An indicator of impairment was identified in the second quarter of 2022 as a result of the recently released PEA and new mine plan for the Copper World Complex in Arizona. As such, management determined that a detailed impairment evaluation as at June 30, 2022 was required for the Arizona CGU. Management determined that the fair value less cost to dispose exceeded the carrying value of the Arizona CGU, accordingly no impairment was recorded.

15. Trade and other payables

	Dec. 31, 2023	Dec. 31, 2022
Trade payables	**$ 69,257**	$ 83,824
Accruals and payables	**133,024**	95,540
Accrued interest	**16,891**	16,279
Exploration and evaluation payables	**132**	229
Statutory payables	**19,845**	15,595
	$ 239,149	$ 211,467

Accruals and payables include operational and capital costs and employee benefit amounts owing.

16. Other liabilities

	Dec. 31, 2023	Dec. 31, 2022
Unearned revenue	**$ 616**	$ 15,086
Environmental and other provisions (note 22)	**22,292**	24,091
Pension liability (note 23)	**3,284**	4,146
Other employee benefits (note 24)	**3,843**	3,483
	$ 30,035	$ 46,806

17. Other financial liabilities

	Dec. 31, 2023	Dec. 31, 2022
Current		
Derivative liabilities	**$ 11,811**	$ 17,995
Equipment financing	**3,300**	-
Deferred Rosemont acquisition consideration	**9,713**	9,713
Agreements with communities recorded at amortized cost	**17,411**	5,593
	42,235	33,301
Non-current		
Deferred Rosemont acquisition consideration	**-**	9,163
Equipment financing	**7,499**	-
Agreements with communities recorded at amortized cost	**37,568**	36,900
Wheaton refund liability (note 21)	**6,653**	6,383
	51,720	52,446
	$ 93,955	$ 85,747

Agreements with communities recorded at amortized cost relate to agreements with communities near the Constancia operation which allow Hudbay to extract minerals over the useful life of the Constancia operation, carry out exploration and evaluation activities in the area and provide Hudbay with community support to operate in the region. The changes in agreements with communities recorded at amortized cost during the year ended December 31, 2023 primarily relates to updates to existing land user agreements with certain community members, changes in estimates, the accretion of the liability net of disbursements. The changes in agreements with communities recorded at amortized cost during the year ended December 31, 2022 primarily relates to the execution of the exploration agreement with the community of Uchucarcco which provides surface rights to the Maria Reyna and Caballito satellite properties located near the Constancia operation, partially offset by disbursements, which were primarily all paid in 2022.

The following table summarizes changes in agreements with communities recorded at amortized cost:

Balance, January 1, 2022	$ 36,273
Net additions	39,240
Disbursements	(37,491)
Accretion (note 7f)	3,099
Effects of changes in foreign exchange	1,372
Balance, December 31, 2022	$ 42,493
Net additions	**17,335**
Disbursements	**(10,705)**
Accretion (note 7f)	**4,178**
Effects of changes in foreign exchange	**1,678**
Balance, December 31, 2023	**$ 54,979**

18. Gold prepayment liability

Gold prepayment liabilities are reflected in the consolidated balance sheets as follows:

	Dec. 31, 2023	Dec. 31, 2022
Current	**$ 55,901**	$ 71,208

The following table summarizes changes in the gold prepayment liability:

Balance, January 1, 2022	$ 140,008
Change in fair value recorded in income statement (note 7f)	3,426
Change in fair value recorded in other comprehensive income	(512)
Repayments	(71,714)
Balance, December 31, 2022	$ 71,208
Change in fair value recorded in income statement (note 7f)	**11,223**
Change in fair value recorded in other comprehensive income	**192**
Repayments	**(26,722)**
Balance, December 31, 2023	**$ 55,901**

During the first quarter of 2023, Hudbay renegotiated its agreements with various financial institutions and deferred eight months of scheduled gold deliveries. Monthly deliveries of the outstanding gold ounces under the new agreements have resumed in October 2023 and will continue until August 2024.

19. Lease liabilities

Balance, January 1, 2022	$ 78,002
Additional capitalized leases	27,984
Lease payments	(35,770)
Derecognized leases	(8,918)
Accretion and other movements	(279)
Balance, December 31, 2022	$ 61,019
Acquired through the acquisition of Copper Mountain (note 5)	**34,617**
Additional capitalized leases	**21,401**
Lease payments	**(25,216)**
Derecognized leases	**(685)**
Accretion and other movements	**(801)**
Balance, December 31, 2023	**$ 90,335**

Lease liabilities are reflected in the consolidated balance sheets as follows:

	Dec. 31, 2023	Dec. 31, 2022
Current	**$ 28,902**	$ 16,156
Non-current	**61,433**	44,863
	$ 90,335	$ 61,019

Hudbay has entered into leases which expire between 2024 and 2037. The interest rates on leases which were capitalized have interest rates between 2.39% and 8.49%, per annum. The range of interest rates utilized for discounting varies depending mostly on the Hudbay entity acting as lessee and duration of the lease. For certain leases, Hudbay has the option to purchase the equipment and vehicles leased at the end of the terms of the leases. Hudbay's obligations under these leases are secured by the lessor's title to the leased assets. The present value of applicable lease payments has been recognized as an ROU asset, which was included as a non-cash addition to property, plant and equipment, and a corresponding amount as a lease liability.

There are no restrictions placed on Hudbay by entering into these leases.

The following outlines expenses recognized within the Company's consolidated income statements, relating to leases for which a recognition exemption was applied.

	Year ended December 31,			
		2023		2022
Short-term leases	**$**	**9,167**	$	25,781
Low value leases		**617**		652
Variable leases		**27,519**		55,673
Total	**$**	**37,303**	$	82,106

Payments made for short-term, low value and variable leases would mostly be captured as expenses in the consolidated income statements, however, certain amounts may be capitalized to PP&E for the Arizona segment during its development phase and certain amounts may be reported in inventories given the timing of sales. Variable payment leases include equipment used for heavy civil works at Constancia.

20. Long-term debt

Long-term debt is comprised of the following:

		Dec. 31, 2023		Dec. 31, 2022
Senior unsecured notes (a)	**$**	**1,190,586**	$	1,188,132
Senior secured revolving credit facilities (b)		**96,950**		(3,970)
	$	**1,287,536**	$	1,184,162

(a) Senior unsecured notes

Balance, January 1, 2022	$	1,185,805
Accretion of transaction costs and premiums		2,327
Balance, December 31, 2022	$	1,188,132
Accretion of transaction costs and premiums		**2,454**
Balance, December 31, 2023	**$**	**1,190,586**

As at December 31, 2023, $1,200,000 aggregate principal amount of senior notes were outstanding in two series: (i) a series of 4.50% senior notes due 2026 in an aggregate principal amount of $600,000 and (ii) a series of 6.125% senior notes due 2029 in an aggregate principal amount of $600,000.

The senior notes are guaranteed on a senior unsecured basis by substantially all of the Company's subsidiaries, other than HudBay (BVI) Inc. and certain excluded or unrestricted subsidiaries, which includes CMBC (the Company's 75% owned subsidiary that owns the Copper Mountain mine), and subsidiaries that hold the Copper World and Mason projects as well as any newly formed or acquired subsidiaries that primarily hold or may develop non-producing mineral assets that are in the pre-construction phase of development.

(b) Senior secured revolving credit facilities

Balance, January 1, 2022	$	(5,531)
Accretion of transaction costs		1,761
Transaction costs		(200)
Balance, December 31, 2022 [1]	$	(3,970)
Proceeds from drawdown, net of repayments		**100,000**
Accretion of transaction costs		**1,627**
Transaction costs		**(707)**
Balance, December 31, 2023	**$**	**96,950**

[1] Balance, representing deferred transaction costs, is in an asset position.

Hudbay has two senior secured revolving credit facilities with total commitments of $ 450 million and substantially similar terms and conditions for its Canadian and Peruvian businesses. Hudbay's revolving credit facilities are secured against substantially all of the Company's assets, other than those associated with the Copper Mountain mine and the Arizona business unit.

During the year ended December 31, 2023, Hudbay drew an aggregate of $ 220,000 and repaid an aggregate of $ 120,000 under its Canadian revolving credit facility.

At December 31, 2023, we had $ 10,000 and $90,000 of debt outstanding under our Canadian and Peruvian revolving credit facilities, respectively. The Company may repay any borrowings under the revolving credit facility at any time without premium or penalty.

As at December 31, 2023, the Peru segment had nil in letters of credit issued under the Peru revolving credit facility to support its reclamation obligations and the Manitoba segment had $26,144 in letters of credit issued under the Canadian revolving credit facility to support its reclamation and pension obligations. As at December 31, 2023, we were in compliance with our covenants under the revolving credit facilities.

Surety bonds

The Arizona segment had $ 12,966 in surety bonds issued to support future reclamation and closure obligations. No cash collateral is required to be posted under these surety bonds.

The British Columbia segment had $ 15,925 in surety bonds issued to support future reclamation and closure obligations and $ 5,013 in surety bonds with BC Hydro in relation to the BC Hydro transmission system at the Copper Mountain Mine. No cash collateral is required to be posted under these surety bonds.

Other letters of credit

The Peru segment had $118,048 in letters of credit issued with various Peruvian financial institutions to support future reclamation and other operating matters. No cash collateral is required to be posted under these letters of credit.

On August 22, 2022, Hudbay closed a C$ 130.0 million bilateral letter of credit facility ("LC Facility") with a major Canadian financial institution. As at December 31, 2023, the Manitoba segment had $56,652 in letters of credit issued under the LC Facility to support its reclamation and pension obligations.

(c) Copper Mountain Bonds

Balance, December 31, 2022	$	-
Acquired through the acquisition of Copper Mountain (note 5)		**144,981**
Principal repayment		**(143,000)**
Put option premium		**(833)**
Amortization and write-off of fair value		**(1,148)**
Balance, December 31, 2023	**$**	**-**

On April 9, 2021, Copper Mountain completed an offering of $ 250,000 million of secured bonds ("the Bonds") bearing an annual interest rate of 8.0% with a maturity date of April 9, 2026.

With the acquisition of Copper Mountain on June 20, 2023, a change of control event was triggered and $ 83,307 of the Bonds were put to Copper Mountain on July 17, 2023 at a price of 101%, plus accrued interest. The principal and premium amounted to $ 84,140, which was repaid on July 24, 2023.

During the fourth quarter of 2023, Hudbay made a scheduled principal repayment of $ 5,000 and exercised the early redemption option and redeemed the remaining $54,696 principal amount outstanding of Copper Mountain Bonds on November 30, 2023 at a call price of 104%, plus accrued and unpaid interest to the date of redemption.

21. Deferred revenue

Peru Stream Agreement

For the year ended December 31, 2023, the drawdown rates for the Peru stream agreement for gold and silver were $ 820 and $15.26 per ounce, respectively (year ended December 31, 2022 - $734 and $14.95 per ounce, respectively).

777 Stream Agreement

As of September 30, 2022 all of 777's precious metals reserves and inventory levels have been depleted and we expect no further drawdown of deferred revenue.

As part of the streaming agreement for the 777 mine, Hudbay must repay, with precious metals credits, the stream deposit by August 1, 2052, the expiry date of the agreement. If the stream deposit is not fully repaid with precious metals credits from 777 production by the expiry date, a payment for the remaining amount will be due at the expiry date of the agreement. As the 777 mine has concluded all mining activities following the depletion of reserves and finalized the sales of produced concentrate, Hudbay concluded that the remaining stream deposit will not be repaid by means of precious metals credits from 777 production. The repayment amount is recorded as a Wheaton refund liability (note 17), which is and will be discounted at the 9.0% rate inherent in the original 777 stream agreement and accreted over the remaining term of the agreement.

The following table summarizes changes in deferred revenue:

Balance, January 1, 2022	$	515,326
Amortization of deferred revenue (note 7a)		
Liability drawdown		(72,229)
Variable consideration adjustments - prior periods		(959)
Accretion on streaming arrangements (note 7f)		
Current year additions		28,718
Variable consideration adjustments - prior periods		(940)
Effects of changes in foreign exchange		(378)
Balance, December 31, 2022	$	469,538
Amortization of deferred revenue (note 7a)		
Liability drawdown		**(72,424)**
Variable consideration adjustments - prior periods		**(4,885)**
Accretion on streaming arrangements (note 7f)		
Current year-to-date additions		**26,387**
Variable consideration adjustments - prior periods		**(96)**
Balance, December 31, 2023	**$**	**418,520**

Consideration from the Company's stream agreement is considered variable. Gold and silver stream revenue can be subject to cumulative adjustments when the number of ounces to be delivered under the contract changes. As a result of changes in the Company's mineral reserve and resource estimate in the first quarter of 2023, the amortization rate by which deferred revenue is drawn down into income was adjusted and, as required, a current period variable adjustment was made for all prior period stream revenues since the stream agreement inception date. This variable consideration adjustment resulted in an increase in revenue of $4,885 and a decrease of finance expense of $96 for the year ended December 31, 2023 (December 31, 2022 - increase in revenue of $ 959 and a decrease of finance expense of $ 940).

Deferred revenue is reflected in the consolidated balance sheets as follows:

		Dec. 31, 2023		Dec. 31, 2022
Current	**$**	**87,672**	$	64,658
Non-current		**330,848**		404,880
	$	**418,520**	$	469,538

22. Environmental and other provisions

	Decommis-sioning, restoration and similar liabilities	Deferred share units[3]	Restricted share units[1, 3]	Performance share units[3]	Other[2]	Total
Balance, January 1, 2023	$ 276,402	$ 6,872	$ 6,855	$ 2,989	$ 10,213	$ 303,331
Net change in provision	(4,017)	1,094	2,959	382	4,689	5,107
Copper Mountain, acquired provision	12,702	-	-	-	-	12,702
Disbursements	(2,069)	-	(5,138)	(1,075)	(2,402)	(10,684)
Unwinding of discount (note 7f)	9,948	-	-	-	-	9,948
Effect of change in discount rate	18,520	-	-	-	-	18,520
Effect of foreign exchange	3,855	71	39	45	35	4,045
Effect of change in share price	-	623	373	239	-	1,235
Balance, December 31, 2023	$ 315,341	$ 8,660	$ 5,088	$ 2,580	$ 12,535	$ 344,204

[1] Certain amounts relating to the Arizona segment are capitalized.

[2] Relates primarily to flow-through share premiums, restructuring costs and other non-capital provisions.

[3] Please refer to note 27a for further information.

Provisions are reflected in the consolidated balance sheets as follows:

December 31, 2023	Decommis-sioning, restoration and similar liabilities	Deferred share units	Restricted share units	Performance share units	Other	Total
Current (note 16)	$ 1,370	$ 8,660	$ 2,147	$ 727	$ 9,388	$ 22,292
Non-current	313,971	-	2,941	1,853	3,147	321,912
	$ 315,341	$ 8,660	$ 5,088	$ 2,580	$ 12,535	$ 344,204

	Decommis-sioning, restoration and similar liabilities	Deferred share units[3]	Restricted share units[1,3]	Performance share units[3]	Other[2]	Total
Balance, January 1, 2022	$ 467,800	$ 8,107	$ 10,889	$ 5,402	$ 10,320	$ 502,518
Net additional provisions made	13,440	1,184	3,866	239	3,918	22,647
Disbursements	(15,460)	-	(6,232)	(1,115)	(3,633)	(26,440)
Unwinding of discount (note 7f)	8,498	-	-	-	-	8,498
Effect of change in discount rate	(184,508)	-	-	-	-	(184,508)
Effect of foreign exchange	(13,368)	(386)	(352)	(287)	(392)	(14,785)
Effect of change in share price	-	(2,033)	(1,316)	(1,250)	-	(4,599)
Balance, December 31, 2022	$ 276,402	$ 6,872	$ 6,855	$ 2,989	$ 10,213	$ 303,331

[1] Certain amounts relating to the Arizona segment are capitalized.

[2] Relates primarily to restructuring costs and other non-capital provisions.

[3] Please refer to note 27a for further information.

December 31, 2022	Decommis-sioning, restoration and similar liabilities	Deferred share units	Restricted share units	Performance share units	Other	Total
Current (note 16)	$ 4,162	$ 6,872	$ 4,836	$ 1,736	$ 6,485	$ 24,091
Non-current	272,240	-	2,019	1,253	3,728	279,240
	$ 276,402	$ 6,872	$ 6,855	$ 2,989	$ 10,213	$ 303,331

Decommissioning, restoration and similar liabilities are remeasured at each reporting date to reflect changes in discount rates, which can significantly affect the liabilities.

Decommissioning, restoration and similar liabilities ("DRO")
Hudbay's decommissioning, restoration and similar liabilities relate to the rehabilitation and closure of currently operating mines and metallurgical plants, development-phase properties and closed properties. The amount of the provision has been recorded based on estimates and assumptions that management believes are reasonable; however, actual decommissioning and restoration costs may differ from expectations.

DRO are remeasured at each reporting date to reflect changes in discount rates, inflation, exchange rates, and timing and extent of cash outflows which can significantly affect the liabilities. The amount of this provision has been recorded based on estimates and assumptions that management believes are reasonable; however, actual decommissioning and restoration costs may differ from expectations.

During the year ended December 31, 2023, the Company recorded a non-cash gain of $11,416 in the consolidated income statements mainly related to a revaluation adjustment of Flin Flon's environmental reclamation provision (December 31, 2022 - $133,460). This was primarily caused by a general increase in long term, risk-free discount rates during 2023 based on movements in Canadian bond yields. Typically, an operating site will reflect any revaluation adjustments of its environmental reclamation provision against its reclamation assets. However, since the Flin Flon operations closed in June 2022, the corresponding Flin Flon assets have been fully depreciated and cannot be reduced below their residual value, resulting in the remaining impact being recorded as a non-cash gain in re-evaluation adjustment - environmental provision in the consolidated income statements.

Hudbay's decommissioning and restoration liabilities relate mainly to its Manitoba, Peru and British Columbia operations. Management has placed the remaining Flin Flon assets on care and maintenance. The majority of closure activities will occur once all mining activities in Manitoba are completed. These provisions also reflect estimated post-closure cash flows that extend to the year 2123 for ongoing monitoring and water treatment requirements. Management anticipates most decommissioning and restoration activities for the Peru operation will occur from 2035 to 2103, which include ongoing monitoring and water treatment requirements. Management anticipates most decommissioning and restoration activities for the British Columbia operation will occur from 2041 to 2142, which include ongoing monitoring and water treatment requirements.

As at December 31, 2023, decommissioning, restoration and similar liabilities have been discounted to their present value at rates ranging from 3.01% to 4.86% per annum (December 31, 2022 - 3.26% to 4.75%), using pre-tax, risk-free interest rates that reflect the estimated maturity of each specific liability.

23. Pension obligations

Hudbay maintains non-contributory and contributory defined benefit pension plans for certain of its employees.

The Company uses a December 31 measurement date for all of its plans. For Hudbay's significant plans, the most recent actuarial valuations filed for funding purposes were performed during 2023 using the latest data available as at December 31, 2022. For these plans, the next actuarial valuation required for funding purposes will be performed during 2024 using the data as of December 31, 2023.

During 2023, an annuity purchase transaction was entered into in which the defined benefit obligations associated with certain defined benefit plan members were assumed by a third-party insurer in exchange for a lump sum payment of $34,857 from plan assets.

Movements in the present value of the defined benefit obligation in the current and previous years were as follows:

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Opening defined benefit obligation:	**$ 145,129**	$ 216,369
Current service costs	**5,172**	9,392
Past service cost/(curtailment) (note 7d)	**50**	(583)
Loss on settlements	**149**	-
Interest cost	**6,274**	5,938
Benefits paid from plan	**(13,721)**	(18,637)
Benefits paid from employer	**(1,091)**	(1,787)
Participant contributions	**16**	25
Effects of movements in exchange rates	**3,043**	(16,883)
Remeasurement actuarial losses/(gains):		
Arising from changes in demographic assumptions	**-**	-
Arising from changes in financial assumptions	**7,045**	(48,960)
Arising from experience adjustments	**(1,876)**	255
Settlement payments from plan assets	**(34,857)**	-
Closing defined benefit obligation	**$ 115,333**	$ 145,129

The defined benefit obligation closing balance, by member group, is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Active members	**$ 103,523**	$ 112,951
Deferred members	**2,318**	2,439
Retired members	**9,492**	29,739
Closing defined benefit obligation	**$ 115,333**	$ 145,129

Movements in the fair value of the pension plan assets in the current and previous years were as follows:

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Opening fair value of plan assets:	**$ 137,721**	$ 199,645
Interest income	**5,973**	5,667
Remeasurement adjustment:		
Return (loss) on plan assets (excluding amounts included in net interest expense)	**6,228**	(40,196)
Contributions from the employer	**2,265**	6,063
Employer direct benefit payments	**1,091**	1,787
Contributions from plan participants	**16**	25
Benefit payment from employer	**(1,091)**	(1,787)
Administrative expenses paid from plan assets	**(81)**	(80)
Benefits paid	**(13,721)**	(18,637)
Settlement payments from plan assets	**(34,857)**	-
Effects of changes in foreign exchange rates	**2,495**	(14,766)
Closing fair value of plan assets	**$ 106,039**	$ 137,721

The amount included in the consolidated balance sheets arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Present value of funded defined benefit obligation	**$ 100,024**	$ 131,503
Fair value of plan assets	**(106,039)**	(137,721)
Present value of unfunded defined benefit obligation	**15,309**	13,626
Net liability arising from defined benefit obligation	**$ 9,294**	$ 7,408

Reflected in the consolidated balance sheets as follows:

	Dec. 31, 2023	Dec. 31, 2022
Pension obligation - current (note 16)	**$ 3,284**	$ 4,146
Pension obligation - non-current	**6,010**	3,262
Total pension obligation	**$ 9,294**	$ 7,408

Pension expense is as follows:

		Dec. 31, 2023		Dec. 31, 2022
Service costs:				
Current service cost	**$**	**5,172**	$	9,392
Curtailment		**-**		(583)
Loss on settlement		**149**		-
Total service cost		**5,321**		8,809
Net interest expense		**301**		271
Administration cost		**81**		80
Defined benefit pension expense	**$**	**5,703**	$	9,160
Defined contribution pension expense	**$**	**701**	$	2,097

Remeasurement on the net defined benefit liability:

		Dec. 31, 2023		Dec. 31, 2022
(Return) loss on plan assets (excluding amounts included in net interest expense)	**$**	**(6,228)**	$	40,196
Actuarial losses (gains) arising from changes in financial assumptions		**7,045**		(48,960)
Actuarial (gains) losses arising from experience adjustments		**(1,876)**		255
Defined benefit gain related to remeasurement	**$**	**(1,059)**	$	(8,509)
Total pension cost	**$**	**5,345**	$	2,748

Pension amounts recognized include those directly related to production of inventory; such amounts are recognized initially as costs of inventory and are expensed in the consolidated income statements within cost of sales upon sale of the inventory.

The current service cost, the interest cost and administration cost for the year are included in the employee benefits expense. The remeasurement of the net defined benefit liability is included in OCI.

The defined benefit pension plans typically expose Hudbay to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the liabilities for the defined benefit plans is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Hudbay's primary quantitative investment objectives are maximization of the long term real rate of return, subject to an acceptable degree of investment risk and preservation of principal. Risk tolerance is established through consideration of several factors including past performance, current market condition and the funded status of the plan.
Interest risk	A decrease in the bond interest rate will increase the pension plan liabilities; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plans liabilities is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the pension plans liabilities.
Salary risk	The present value of the defined benefit plans liabilities for some of the pension plans is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans' liabilities.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2023	2022
Defined benefit cost:		
Discount rate - benefit obligations	**5.22%**	3.09%
Discount rate - service cost	**5.27%**	3.21%
Expected rate of salary increase [1]	**3.50%**	2.75%
Average longevity at retirement age for current pensioners (years) [2] :		
Males	**20.4**	20.4
Females	**23.8**	23.7
Defined benefit obligation:		
Discount rate	**4.64%**	5.22%
Expected rate of salary increase [1]	**3.00%**	3.50%
Average longevity at retirement age for current pensioners (years) [2] :		
Males	**20.5**	20.4
Females	**23.9**	23.8
Average longevity at retirement age for current employees (future pensioners) (years) [2] :		
Males	**22.4**	22.3
Females	**25.6**	25.5

[1] Plus merit and promotional scale based on member's age

[2] Revised retirement pension plan only - CPM2014 Priv with MI-2017 projection scale with loading of 1.25 and 1.15 for males and females

Hudbay reviews the assumptions used to measure pension costs (including the discount rate) on an annual basis. Economic and market conditions at the measurement date affect these assumptions from year to year. In determining the discount rate, Hudbay considers the duration of the pension plan liabilities.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting periods, while holding other assumptions constant:

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by $ 9,363 (increase by $10,650).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $ 1,536 (decrease $1,264).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by $726 (decrease by $769).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated balance sheets.

The Company's main pension plans are registered federally with the Office of the Superintendent of Financial Institution and with the Canada Revenue Agency. The registered pension plans are governed in accordance with the Pension Benefits Standards Act and the Income Tax Act. The sponsor contributes the amount needed to maintain adequate funding as dictated by the prevailing regulations.

Expected employer contribution to the pension plans for the fiscal year ending December 31, 2023 is $ 3,284.

The average duration of the pension obligation at December 31, 2023 is 18.0 years (2022 - 16.2 years). This number can be broken down as follows:

- Active members: 18.8 years (2022: 18.3 years)
- Deferred members: 19.2 years (2022: 17.5 years)
- Retired members: 9.0 years (2022: 8.2 years)

Asset-Liability-Matching studies are performed periodically to analyze the investment policies in terms of risk and-return profiles.

The pension plans do not invest directly in either securities or property/real estate of the Company.

With the exception of fixed income investments and certain equity instruments, the plan assets are actively managed by investment managers, with the goal of attaining returns that potentially outperform passively managed investments. Within appropriate limits, the actual composition of the invested funds may vary from the prescribed investment mix.

The following is a summary of the fair value classification levels for investment:

December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Money market instruments	**$ 1,166**	**$ -**	**$ -**	**$ 1,166**
Pooled equity funds	**33,930**	**-**	**-**	**33,930**
Pooled fixed income funds	**-**	**69,968**	**-**	**69,968**
Alternative investment funds	**-**	**908**	**-**	**908**
Balanced funds	**-**	**67**	**-**	**67**
	$ 35,096	**$ 70,943**	**$ -**	**$ 106,039**

December 31, 2022	Level 1	Level 2	Level 3	Total
Investments:				
Money market instruments	$ 2,270	$ -	$ -	$ 2,270
Pooled equity funds	50,107	-	-	50,107
Pooled fixed income funds	-	64,230	-	64,230
Alternative investment funds	-	20,908	-	20,908
Balanced funds	-	206	-	206
	$ 52,377	$ 85,344	$ -	$ 137,721

24. Other employee benefits

Hudbay sponsors both other long-term employee benefit plans and non-pension post-employment benefits plans and uses a December 31 measurement date. These obligations relate mainly to commitments for post-retirement health benefits. Information about Hudbay's post-employment and other long-term employee benefits is as follows:

Movements in the present value of the defined benefit obligation in the current and previous years were:

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Opening defined benefit obligation	**$ 87,216**	$ 128,843
Current service cost[1]	**2,815**	4,656
Curtailment (note 7d)	**-**	(1,801)
Interest cost	**4,456**	3,940
Attribution period changes (note 7d)	**-**	(3,179)
Effects of movements in exchange rates	**2,299**	(6,074)
Remeasurement actuarial losses/(gains):		
Arising from changes in demographic assumptions	**502**	-
Arising from changes in financial assumptions	**9,250**	(36,058)
Arising from experience adjustments	**(637)**	(516)
Benefits paid	**(2,741)**	(2,595)
Closing defined benefit obligation	**$ 103,160**	$ 87,216

[1] Includes remeasurement of other long term employee benefits

The defined benefit obligation closing balance, by group member, is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Active members	**$ 36,871**	$ 28,734
Inactive members	**66,289**	58,482
Closing defined benefit obligation	**$ 103,160**	$ 87,216

Movements in the fair value of defined benefit amounts in the current and previous years were as follows:

	Dec. 31, 2023	Dec. 31, 2022
Employer contributions	**$ 2,741**	$ 2,595
Benefits paid	**(2,741)**	(2,595)
Closing fair value of assets	$ -	$ -

The non-pension employee benefit plan obligations are unfunded.

Reconciliation of assets and liabilities recognized in the consolidated balance sheets:

		Dec. 31, 2023		Dec. 31, 2022
Unfunded benefit obligation	**$**	**103,160**	$	87,216
Vacation accrual and other - non-current		**2,532**		2,607
Net liability	**$**	**105,692**	$	89,823

Reflected in the consolidated balance sheets as follows:

		Dec. 31, 2023		Dec. 31, 2022
Other employee benefits liability - current (note 16)	**$**	**3,843**	$	3,483
Other employee benefits liability - non-current		**101,849**		86,340
Net liability	**$**	**105,692**	$	89,823

Other employee future benefit expense includes the following:

		Dec. 31, 2023		Dec. 31, 2022
Current service cost [1]	**$**	**2,815**	$	2,855
Net interest cost		**4,456**		3,940
Components recognized in consolidated income statements	**$**	**7,271**	$	6,795

[1] Includes remeasurement of other long term employee benefit and curtailment

		Dec. 31, 2023		Dec. 31, 2022
Remeasurement on the net defined benefit liability:				
Actuarial losses arising from changes in demographic assumptions	**$**	**502**	$	-
Actuarial losses (gains) arising from changes in financial assumptions		**9,250**		(36,058)
Actuarial gains arising from changes experience adjustments		**(637)**		(516)
Components recognized in statements of comprehensive income	**$**	**9,115**	$	(36,574)
Total other employee future benefit cost	**$**	**(16,386)**	$	29,779

Other employee benefit amounts recognized include those directly related to production of inventory; such amounts are recognized initially as costs of inventory and are expensed in the consolidated income statements within cost of sales upon sale of the inventory.

	Dec. 31, 2023	Dec. 31, 2022
Defined benefit cost:		
Discount rate	**5.27%**	3.30%
Initial weighted average health care trend rate	**5.92%**	6.00%
Ultimate weighted average health care trend rate	**4.00%**	4.00%
Average longevity at retirement age for current pensioners (years) [1] :		
Males	**20.4**	20.4
Females	**23.8**	23.7

	Dec. 31, 2023	Dec. 31, 2022
Defined benefit obligation:		
Discount rate	**4.64%**	5.27%
Initial weighted average health care trend rate	**5.82%**	5.92%
Ultimate weighted average health care trend rate	**4.00%**	4.00%
Average longevity at retirement age for current pensioners (years) [1] :		
Males	**20.5**	20.4
Females	**23.9**	23.8
Average longevity at retirement age for current employees (future pensioners) (years) [1] :		
Males	**22.4**	22.3
Females	**25.6**	25.5

[1] CPM2014 Priv with MI-2017 projection scale with loading of 1.25 and 1.15 for males and females.

Hudbay reviews the assumptions used to measure other employee benefit costs (including the discount rate) on an annual basis.

The other employee benefit costs typically expose Hudbay to actuarial risks such as: interest rate risk, health care cost inflation risk and longevity risk.

Interest risk	A decrease in the bond interest rate will increase the plan liabilities.
Health care cost inflation risk	The majority of the plan's benefit obligations are linked to health care cost inflation and higher inflation will lead to higher liabilities.
Longevity risk	The majority of the plans' benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans' liabilities. This is particularly significant for benefits subject to health care cost inflation where increases in inflation result in higher sensitivity to changes in life expectancy.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding other assumptions constant:

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by $ 7,544 (increase by $8,548).
- If the health care cost assumption increases (decreases) by 1%, the defined benefit obligation would increase by $ 17,429 (decrease by $13,869).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligations would increase by $3,614 (decrease by $3,604).

The average duration of the non-pension post-employment obligation at December 31, 2023 is 15.8 years (2022: 15.0 years).

This number can be broken down as follows:

- Active members: 22.9 years (2022: 21.9 years)
- Inactive members: 12.0 years (2022: 11.6 years)

25. Income and mining taxes

(a) Tax recoveries:

The tax expense (recoveries) is applicable as follows:

	Year ended December 31,	
	2023	2022
Current:		
Income taxes	**$ 87,490**	$ 10,940
Mining taxes	**21,974**	10,673
Adjustments in respect of prior years	**(4,383)**	(704)
	105,081	20,909
Deferred:		
Income tax (recoveries) expense - origination, revaluation and/or reversal of temporary differences	**(25,854)**	218
Mining tax (recoveries) expense - origination, revaluation and/or reversal of temporary difference	**(2,431)**	5,464
Adjustments in respect of prior years	**5,491**	(1,158)
	(22,794)	4,524
	$ 82,287	$ 25,433

Adjustments in respect of prior years refers to amounts changing due to the filing of tax returns and assessments from government authorities as well as any change identified that would result in a difference to our current or deferred tax balances as reported in the prior fiscal year end.

(b) Deferred tax assets and liabilities as represented on the consolidated balance sheets:

		Dec. 31, 2023		Dec. 31, 2022
Deferred income tax asset	**$**	**151,946**	$	125,638
Deferred income tax liability		**(362,767)**		(233,730)
Deferred mining tax liability		**(44,385)**		(17,564)
		(407,152)		(251,294)
Net deferred tax liability balance, end of year	**$**	**(255,206)**	$	(125,656)

(c) Changes in deferred tax assets and liabilities:

		Year ended December 31,		
		2023		2022
Net deferred tax liability balance, beginning of year	**$**	**(125,656)**	$	(128,180)
Deferred tax recovery (expense) (note 25a)		**22,794**		(4,524)
OCI transactions		**(225)**		(2,384)
Foreign currency translation on the deferred tax liability		**(3,873)**		9,432
Acquisition of Copper Mountain mining (note 5)		**(148,246)**		-
Net deferred tax liability balance, end of year	**$**	**(255,206)**	$	(125,656)

(d) Reconciliation to statutory tax rate:

As a result of its mining operations, the Company is subject to both income and mining taxes. Generally, most expenditures incurred are deductible in computing income tax, whereas mining tax legislation, although based on a measure of profitability from carrying on mining operations, is more restrictive in respect of the deductions permitted in computing income subject to mining tax. These restrictions include costs unrelated to mining operations as well as deductions for financing expenses, such as interest and royalties. In addition, income unrelated to carrying on mining operations is not subject to mining tax.

A reconciliation between tax expense and the product of accounting profit multiplied by the Company's statutory income tax rate for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	2022
Profit before tax	**$ 151,830**	$ 95,815
Statutory tax rate	**26.2%**	26.3%
Tax expense at statutory rate	**39,779**	25,199
Effect of:		
Deductions related to mining taxes	**(6,937)**	(3,249)
Adjusted income taxes	**32,842**	21,950
Mining tax expense	**18,827**	15,959
	51,669	37,909
Permanent differences related to:		
Capital items	**371**	(321)
Other income tax permanent differences	**870**	3,839
Withholding tax on dividends	**11,750**	-
Impact of remeasurement on decommissioning liability	**(6,363)**	(38,950)
Temporary income tax differences not recognized	**5,448**	(509)
Recognition of previously unrecognized deferred tax assets	**(5,335)**	(3,943)
Impact related to differences in tax rates in foreign operations	**27,931**	15,339
Impact of changes to statutory tax rates	**878**	958
Foreign exchange on non-monetary items	**(7,384)**	13,094
Impact related to tax assessments and tax return amendments	**1,906**	(1,983)
Other	**546**	-
Tax expense	**$ 82,287**	$ 25,433

(e) Income tax effect of temporary differences - recognized:

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2023 and 2022 are as follows:

	Balance sheet	
	Dec. 31, 2023	Dec. 31, 2022
Deferred income tax (liability) asset		
Property, plant and equipment	**$ (50,367)**	$ (44,029)
Pension obligation	**2,531**	2,121
Other employee benefits	**26,928**	25,395
Decommissioning and restoration provision	**20,031**	20,454
Non-capital losses	**135,284**	104,481
Share issuance and debt cost	**6,646**	6,283
Deferred revenue	**1,532**	1,195
Other	**9,361**	9,738
Deferred income tax asset	**151,946**	125,638
Deferred income tax liability (asset)		
Property, plant and equipment	**478,657**	311,499
Other employee benefits	**(1,193)**	(1,024)
Decommissioning and restoration provision	**(19,231)**	(8,376)
Non-capital losses	**(91,951)**	(71,532)
Other	**(3,515)**	3,163
Deferred income tax liability	**362,767**	233,730
Deferred income tax liability	**$ (210,821)**	$ (108,092)

The above reconciling items are disclosed at the tax rates that apply in the jurisdiction where they have arisen.

(f) Income tax temporary differences - not recognized:

The Company has not recognized a deferred tax asset on $ 43,134 of non-capital losses (December 31, 2022 - $ 44,451), $183,228 of capital losses (December 31, 2022 - $154,560) and $482,944 (December 31, 2022 - $255,938) of other deductible temporary differences since the realization of any related tax benefit through future taxable profits is not probable. The capital losses have no expiry dates and the other deductible temporary differences do not expire under current tax legislation.

The Canadian non-capital losses were incurred between 2013 and 2023 and have a twenty-year carry forward period. The United States net operating losses incurred between 2004 and 2017 have a twenty-year carry forward period. United States net operating losses incurred between 2018 and 2023 may be carried forward indefinitely but are restricted to being applied against a maximum of 80% of taxable income.

(g) Mining tax effect of temporary differences:

The tax effects of temporary differences that give rise to significant portions of the deferred mining tax assets and liabilities at December 31, 2023 and 2022 are as follows:

Canada		**Dec. 31, 2023**		Dec. 31, 2022
Property, plant and equipment	**$**	**(52,633)**	$	(4,996)
Other		**17,621**		-
	$	**(35,012)**	**$**	**(4,996)**

Peru		**Dec. 31, 2023**		Dec. 31, 2022
Property, plant and equipment	**$**	**(9,373)**	$	(12,568)

For the year ended December 31, 2023, Hudbay had unrecognized deferred mining tax assets of approximately $ 9,695 (December 31, 2022 - $10,198).

(h) Unrecognized taxable temporary differences associated with investments:

There are no taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, for which a deferred tax liability has not been recognized.

(i) Taxes receivable/payable:

The timing of payments results in significant variances in period-to-period comparisons of the tax receivable and tax payable balances.

(j) Other disclosure:

The tax rules and regulations applicable to mining companies are highly complex and subject to interpretation. The Company may be subject in the future to a review of its historic income and other tax filings and, in connection with such reviews, disputes can arise with tax authorities over the interpretation or application of certain tax rules and regulations in respect of the Company's business. These reviews may alter the timing or amount of taxable income or deductions. The amount ultimately reassessed upon resolution of issues raised may differ from the amount accrued.

26. Share capital

(a) Preference shares:

Authorized: Unlimited preference shares without par value.

Issued and fully paid: Nil.

(b) Common shares:

Authorized: Unlimited common shares without par value.

Issued and fully paid:

	Year ended Dec. 31, 2023			Year ended Dec. 31, 2022		
	Common shares		**Amount**	Common shares		Amount
Balance, beginning of year	**262,019,857**	**$**	**1,780,774**	261,598,312	$	1,778,848
Shares issued on acquisition of Copper Mountain, net of share issuance costs (note 5)	**84,165,617**		**436,499**	-		-
Shares issued on acquisition of Rockcliff (note 6)	**2,675,324**		**12,503**	-		-
Flow through shares, net of share issuance costs	**1,960,000**		**10,166**			
Exercise of options	**67,145**		**291**	421,545		1,926
Cancelled shares	**(159,407)**		**-**			
Balance, end of year	**350,728,536**	**$**	**2,240,233**	262,019,857	$	1,780,774

During the year ended December 31, 2023, the Company declared two semi-annual dividends of C$ 0.01 per share. The Company paid $1,908 and $2,555 in dividends on March 24, 2023 and September 22, 2023 to shareholders of record as of March 7, 2023 and September 1, 2023.

During the year ended December 31, 2022, the Company declared two semi-annual dividends of C$ 0.01 per share. The Company paid $2,075 and $1,972 in dividends on March 25, 2022 and September 23, 2022 to shareholders of record as of March 8, 2022 and September 2, 2022.

During the year ended December 31, 2023, the Company completed a Canadian Development Expense and Canadian Exploration Expense flow-through financing. The Company issued 1,960,000 common shares for proceeds, net of transaction costs, of $ 14,424. The implied premium on the flow-through shares of $4,258 was recorded as a flow-through share liability. At December 31, 2023, the Company has not incurred any qualifying expenditures related to this flow-through financing. The flow-through share liability will be recognized in earnings as eligible expenditures are made.

27. Share-based compensation

(a) Cash-settled share-based compensation:

Hudbay has three cash-settled share-based compensation plans, as described below.

Deferred Share Units (DSU)

At December 31, 2023, the carrying amount and the intrinsic value of the outstanding liability related to the DSU plan was $ 8,660 (December 31, 2022 - $6,872) (note 22). The following table outlines information related to DSUs granted, expenses recognized and payments made during the year.

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Granted during the year:		
Number of units	**210,472**	238,627
Weighted average price (C$/unit)	**$ 7.02**	$ 6.45
Expenses (gain) recognized during the year [1] (notes 7d)	**$ 1,717**	$ (849)

[1] This expense relates to the grant of DSUs, as well as mark-to-market adjustments, and is presented within selling and administrative expenses on the consolidated income statements.

Restricted Share Units (RSU)

RSUs granted under the LTEP Plan may be settled in the form of Hudbay common shares or, at the option of the Company, the cash equivalent based on the market price of the common shares as of the vesting date. RSUs may also be granted under Hudbay's Share Unit Plan, however; the RSUs granted under the Share Unit Plan may only be settled in cash. Hudbay has historically settled all RSUs in cash. The Company has determined that the appropriate accounting treatment is to classify the RSUs as cash settled transactions.

At December 31, 2023, the carrying amount of the outstanding liability related to the RSU plan was $ 5,088 (December 31, 2022 - $6,855) (note 22). The following table outlines information related to RSUs granted, expenses recognized and payments made in the year.

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Number of units, beginning of year	**2,082,990**	2,484,860
Number of units granted during the year	**873,371**	701,050
Credits for dividends	**5,594**	6,203
Number of units forfeited during the year	**(122,992)**	(180,324)
Number of units vested	**(1,051,235)**	(928,799)
Number of units, end of year	**1,787,728**	2,082,990
Weighted average price - granted (C$/unit)	**$ 6.59**	$ 9.64
Expenses recognized during the year [1] (note 7c)	**$ 2,882**	$ 2,076
Payments made during the year (note 22)	**$ 5,138**	$ 6,232

[1] This net expense reflects recognition of RSU expense over the service period, as well as mark-to-market adjustments, and is presented mainly within cost of sales and selling and administrative expenses. Certain amounts related to the Arizona segment are capitalized.

Performance Share Units (PSU)

PSUs granted under the LTEP Plan may be settled in the form of Hudbay common shares or, at the option of the Company, the cash equivalent based on the market price of the common shares as of the vesting date. Hudbay has historically settled similar share-based compensation units in cash. The Company has determined that the appropriate accounting treatment is to classify the PSUs as cash settled transactions. The PSUs contain a performance based multiplier element which will be computed upon vesting.

At December 31, 2023, the carrying amount of the outstanding liability related to PSU plan was $ 2,580 (December 31, 2022 - $2,989) (note 22). The following table outlines information related to PSUs granted, expenses recognized and payments made in the year.

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Number of units, beginning of year	**1,373,063**	1,506,231
Number of units granted during the year	**580,275**	423,322
Credits for dividends	**3,559**	4,598
Number of units forfeited during the year	**(577,900)**	(285,782)
Number of units vested	**(206,194)**	(275,306)
Number of units, end of year	**1,172,803**	1,373,063
Weighted average price - granted (C$/unit)	**$ 6.59**	$ 9.82
Expense (recovery) recognized during the year (note 7c)	**$ 621**	$ (1,011)
Payments made during the year (note 22)	**$ 1,075**	$ 1,115

(b) Equity-settled share-based compensation - stock options:

The Company's stock option plan was approved in June 2005 and amended in May 2008 (the "Plan"). Under the amended Plan, the Company may grant to employees, officers, directors or consultants of the Company or its affiliates options to purchase up to a maximum of 13 million common shares of Hudbay. The Company has determined that the appropriate accounting treatment is to classify the stock options as equity settled transactions.

During the year ended December 31, 2023, the Company granted 801,661 stock options (year ended December 31, 2022 - 602,614).

The following table outlines the changes in the number of stock options outstanding:

	Year ended Dec. 31, 2023		Year ended Dec. 31, 2022	
	Number of shares subject to option	**Weighted-average exercise price C$**	Number of shares subject to option	Weighted average exercise price C$
Balance, beginning of year	**1,528,760**	**$ 7.38**	1,659,288	$ 5.71
Number of units granted during the year	**801,661**	**$ 6.75**	602,614	$ 9.77
Exercised	**(67,145)**	**$ 3.79**	(421,545)	$ 3.80
Forfeited	**(80,306)**	**$ 8.33**	(311,597)	$ 7.94
Balance, end of year	**2,182,970**	**$ 7.23**	1,528,760	$ 7.38

The following table presents the weighted average fair value assumptions used in the Black-Scholes valuation of these options:

For options granted during the year ended	**Dec. 31, 2023**	Dec. 31, 2022
Weighted average share price at grant date (CAD)	**$ 6.75**	$ 9.77
Risk-free rate	**3.40%**	1.81%
Expected dividend yield	**0.3%**	0.2%
Expected stock price volatility (based on historical volatility)	**56.0%**	55.9%
Expected life of option (months)	**84**	84
Weighted average per share fair value of stock options granted (CAD)	**$ 3.90**	$ 5.45

The following table outlines stock options outstanding and exercisable:

Dec. 31, 2023

Range of exercise prices C$	**Number of options outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price C$**	**Number of options exercisable**	**Weighted average share price at exercise date C$**
$3.76 - $4.82	**568,801**	**3.15**	**$ 3.76**	**568,801**	**$ 3.76**
$5.91 - $6.75	**779,959**	**6.17**	**$ 6.75**	**-**	**$ -**
$6.76 - $10.17	**488,340**	**5.17**	**$ 9.76**	**174,989**	**$ 9.57**
$10.18 - $10.42	**345,870**	**4.15**	**$ 10.42**	**230,514**	**$ 10.42**

Dec. 31, 2022

Range of exercise prices C$	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price C$	Number of options exercisable	Weighted average share price at exercise date C$
$3.76 - $3.92	644,983	4.15	$ 3.76	264,553	$ 3.76
$3.93 - $9.00	30,283	5.85	$ 6.92	9,194	$ 7.04
$9.01 - $9.92	487,005	6.16	$ 9.92	-	$ -
$9.92 - $10.42	366,489	5.15	$ 10.42	122,628	$ 10.42

Hudbay estimates expected life of options and expected volatility based on historical data, which may differ from actual outcomes.

28. Earnings per share

	Year ended December 31,	
	2023	2022
Weighted average common shares outstanding		
Basic	**310,845,281**	261,858,531
Plus net incremental shares from:		
Assumed conversion: stock options	**107,829**	358,997
Diluted weighted average common shares outstanding	**310,953,110**	262,217,528

For periods where Hudbay records a loss, Hudbay calculates diluted loss per share using the basic weighted average number of shares. If the diluted weighted average number of shares were used, the result would be a reduction in the loss, which would be anti-dilutive.

29. Capital management

The Company's definition of capital includes total equity and long-term debt. Hudbay's long-term debt balance as at December 31, 2023 was $1,287,536 (December 31, 2022 - $1,184,162).

The Company's objectives when managing capital are to maintain a strong capital base in order to:

- Advance Hudbay's corporate strategies to create long-term value for its stakeholders; and,
- Sustain Hudbay's operations and growth throughout metals and materials cycles.

Hudbay monitors its capital and capital structure on an ongoing basis to ensure they are sufficient to achieve the Company's short-term and long-term strategic objectives in a capital intensive industry. Hudbay faces several risks, including volatile metals prices, inflationary pressures on costs, access to capital, and risk of delays and cost escalation associated with major capital projects. The Company continually assesses the adequacy of its capital structure to ensure its objectives are met. Hudbay monitors its cash, which was $249,794 as at December 31, 2023 (2022 - $225,665), together with availability under its committed credit facilities. Hudbay invests its cash primarily in Canadian bankers' acceptances, deposits at major Canadian and Peruvian banks, or treasury bills issued by the federal or provincial governments. In addition to the requirement to maintain sufficient cash balances to fund continuing operations, Hudbay must maintain sufficient cash to fund the interest expense on the long-term debt outstanding (note 20). As part of the Company's capital management activities, Hudbay monitors interest coverage ratios and leverage ratios.

30. Financial instruments

(a) Fair value and carrying value of financial instruments:

The following presents the fair value ("FV") and carrying value ("CV") of Hudbay's financial instruments and non-financial derivatives:

	Dec. 31, 2023		Dec. 31, 2022	
	FV	**CV**	FV	CV
Financial assets at amortized cost				
Cash and cash equivalents [1]	**$ 249,794**	**$ 249,794**	$ 225,665	$ 225,665
Guaranteed investment certificates [1]	**1,359**	**1,359**	-	-
Restricted cash [1]	**1,964**	**1,964**	486	486
Fair value through profit or loss				
Trade and other receivables [2,3]	**176,214**	**176,214**	87,638	87,638
Non-hedge derivative assets [4]	**1,416**	**1,416**	577	577
Investments [5]	**6,452**	**6,452**	9,799	9,799
Total financial assets	**$ 437,199**	**$ 437,199**	$ 324,165	$ 324,165
Financial liabilities at amortized cost				
Trade and other payables [1, 2]	**219,304**	**219,304**	195,872	195,872
Deferred Rosemont acquisition consideration [8]	**9,713**	**9,713**	18,876	18,876
Agreements with communities [6]	**53,459**	**54,979**	35,870	42,493
Wheaton refund liability [10]	**10,346**	**6,653**	7,744	6,383
Senior unsecured notes [7]	**1,176,312**	**1,190,586**	1,094,988	1,188,132
Senior secured revolving credit facilities [11]	**96,950**	**96,950**	-	-
Fair value through profit or loss				
Gold prepayment liability [9]	**55,901**	**55,901**	71,208	71,208
Non-hedge derivative liabilities [4]	**11,811**	**11,811**	17,995	17,995
Total financial liabilities	**$ 1,633,796**	**$ 1,645,897**	$ 1,442,553	$ 1,540,959

[1] Cash and cash equivalents, guaranteed investment certificates, restricted cash, trade and other payables are recorded at carrying value, which approximates fair value due to their short-term nature and generally negligible credit losses.

[2] Excludes tax and other statutory amounts.

[3] Trade and other receivables contain receivables including provisionally priced receivables classified as FVTPL and various other items at amortized cost. The fair value of provisionally priced receivables is determined using forward metals prices (level 2).

[4] Derivatives are carried at their fair value, which is determined based on observable forward market commodity prices corresponding to the maturity of the contract (level 2),

[5] All investments are carried at their fair value, which is determined using quoted market bid prices in active markets for listed shares.

[6] These financial liabilities relate to agreements with communities near the Constancia project in Peru (note 17). Fair values have been determined using an applicable credit-risk adjusted discounted rate and foreign exchange rates (level 3).

[7] Fair value of the senior unsecured notes (note 20) has been determined using an applicable credit-risk adjusted discount rate (level 3).

[8] Discounted value based on a risk adjusted discount rate.

[9] The gold prepayment liability (note 18) is designated as fair value through profit or loss under the fair value option. Fair value is determined using observable gold forward prices corresponding to the delivery of gold ounces in the contract along with an estimate of credit-risk for similar instruments (level 3). Gains and losses related to the Company's own credit-risk have been recorded at fair value through other comprehensive income. The fair value adjustment recorded in other comprehensive income for the year ended December, 2023 was a loss of $192 (year ended December 31, 2022 was a gain of $ 512).

[10] Discounted value based on a market rate at inception of the applicable Wheaton contract for carrying value (note 17) and fair value using an applicable credit-risk adjusted discount rate (level 3).

[11] Fair value of the senior secured revolving credit facility is equal to its carrying value as the drawn interest rate under the facility is comparable to current market rates.

Fair value hierarchy

The table below provides an analysis by valuation method of financial instruments that are measured at fair value subsequent to recognition as well as financial instruments not measured at fair value but for which a fair value is disclosed. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques use significant observable inputs, either directly or indirectly, or valuations are based on quoted prices for similar instruments; and,
- Level 3: Valuation techniques use significant inputs that are not based on observable market data.

December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Financial assets at FVTPL:				
Non-hedge derivatives	**$ -**	**$ 1,416**	**$ -**	**$ 1,416**
Investments	**6,452**	**-**	**-**	**6,452**
	$ 6,452	**$ 1,416**	**$ -**	**$ 7,868**
Financial liabilities measured at fair value				
Financial liabilities at FVTPL:				
Non-hedge derivatives	**$ -**	**$ 11,811**	**$ -**	**$ 11,811**
Gold prepayment liability	**-**	**55,901**	**-**	**55,901**
Financial liabilities at amortized cost:				
Agreements with communities	**-**	**-**	**53,459**	**53,459**
Wheaton refund liability	**-**	**-**	**10,346**	**10,346**
Senior secured revolving credit facilities	**-**	**-**	**96,950**	**96,950**
Senior unsecured notes	**1,176,312**	**-**	**-**	**1,176,312**
	$ 1,176,312	**$ 67,712**	**$ 160,755**	**$ 1,404,779**

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at FVTPL:				
Non-hedge derivatives	$ -	$ 577	$ -	$ 577
Investments	9,799	-	-	9,799
	$ 9,799	$ 577	$ -	$ 10,376
Financial liabilities measured at fair value				
Financial liabilities at FVTPL:				
Non-hedge derivatives	$ -	$ 17,995	$ -	$ 17,995
Gold prepayment liability	-	71,208	-	71,208
Financial liabilities at amortized cost:				
Agreements with communities	-	-	35,870	35,870
Wheaton refund liability	-	-	7,744	7,744
Senior unsecured notes	1,094,988	-	-	1,094,988
	$ 1,094,988	$ 89,203	$ 43,614	$ 1,227,805

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2023 and year ended December 31, 2022, Hudbay did not make any such transfers.

Changes to inputs of financial instruments categorized as Level 3 were insignificant.

(b) Derivatives and hedging:

Copper fixed for floating swaps

Hudbay enters into copper fixed for floating swaps in order to manage the risk associated with provisional pricing terms in copper concentrate sales agreements. As at December 31, 2023, Hudbay had 90.6 million pounds of net copper swaps outstanding at an effective average price of $3.74/lb and settling from January to May 2024. As at December 31, 2022, Hudbay had 89.7 million pounds of net copper swaps outstanding at an effective average price of $3.61/lb and settling from January to May 2023. The aggregate fair value of the transactions at December 31, 2023 was a liability of $9,515 (December 31, 2022 - a liability position of $ 17,269).

Zinc fixed for floating swaps

Hudbay enters into zinc fixed for floating swaps in order to manage the risk associated wi th provisional pricing terms in zinc concentrate sales agreements. As at December 31, 2023, Hudbay had 13.9 million pounds of net zinc swaps outstanding at an effective average price of $1.14/lb and settling from January to March 2024. As at December 31, 2022, Hudbay had 17.5 million pounds of net zinc swaps outstanding at an effective average price of $1.32/lb and settling from January to March 2023. The aggregate fair value of the transactions at December 31, 2023 was a liability of $945 (December 31, 2022 - a liability position of $ 149).

Copper forward sale

During the second half of 2023, Hudbay entered into forward sales contracts for a total of 5,600 tonnes of copper production. As of December 31, 2023, Hudbay had 7.9 million pounds of copper forwards outstanding at an effective average price of $ 3.93/lb and settling from May 2024 to April 2025. The aggregate fair value of the transactions at December 31, 2023 was an asset of $65. Hudbay held no forward copper purchase contracts as at December 31, 2022.

Copper costless collars

During the fourth quarter of 2023, Hudbay entered into zero-cost collar program for 6,000 tonnes of copper production over the twelve-month period from May 2024 to April 2025 at an average floor price of $3.83/lb and an average cap price of $ 4.03/lb. Gains and losses resulting from the settlement of these derivatives are recorded directly to revenue, as the forward sales contracts do not qualify for hedge accounting, and the associated cash flows are classified in operating activities. As at December 31, 2023, 13.2 million pounds of copper collars were unsettled (December 31, 2022 - nil). The aggregate fair value of the position at December 31, 2023 was nil (December 31, 2022 - nil).

(c) Provisionally priced receivables

Changes in fair value of provisionally priced receivables

Hudbay records changes in fair value of provisionally priced receivables related to provisional pricing in concentrate purchase, concentrate sale and certain other sale contracts. Under the terms of these contracts, prices are subject to final adjustment at the end of a future period after title transfers based on quoted market prices during the quotation period specified in the contract. The period between provisional pricing and final pricing is typically up to three months.

Changes in fair value of provisionally priced receivables are presented in trade and other receivables when they relate to sales contracts and in trade and other payables when they relate to purchase contracts. At each reporting date, provisionally priced metals are marked-to-market based on the forward market price for the quotation period stipulated in the contract, with changes in fair value recognized in revenue for sales contracts and in inventory or cost of sales for purchase concentrate contracts. Cash flows related to changes in fair value of provisionally priced receivables are classified in operating activities.

As at December 31, 2023 and December 31, 2022, Hudbay's net position consisted of contracts awaiting final pricing are as indicated below:

		Sales awaiting final pricing		Average YTD price ($/unit)	
Metal in concentrate	Unit	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Copper	*pounds (in thousands)*	**111,069**	79,833	**3.87**	3.80
Gold	*troy ounces*	**50,563**	22,079	**2,072**	1,823
Silver	*troy ounces*	**205,579**	71,809	**23.94**	23.91
Zinc	*pounds (in thousands)*	**16,416**	18,145	**1.20**	1.35

The aggregate fair value of provisionally priced receivables within the copper and zinc concentrate at December 31, 2023, was an asset position of $22,635 (December 31, 2022 - an asset position of $ 20,285).

(d) Other financial liabilities

Gold prepayment liability

The gold prepayment liability (note 18) requires settlement by physical delivery of gold ounces or equivalent gold credits. The fair value of the financial liability at December 31, 2023 was $55,901 (December 31, 2022 - a liability of $ 71,208).

(e) Financial risk management

Hudbay's financial risk management activities are governed by Board-approved policies addressing risk identification, hedging authorization procedures and limits and reporting. The Company's policy objective, when hedging activities are undertaken, is to reduce the volatility of future profit and cash flow within the strategic and economic goals of Hudbay. From time to time, the Company employs derivative financial instruments, including forward and option contracts, to manage risk originating from exposures to commodity price risk, foreign exchange risk and interest rate risk. Significant derivative transactions are approved by the Board of Directors, and hedge accounting is applied when certain criteria have been met. Hudbay does not use derivative financial instruments for trading or speculation purposes. The following is a discussion of the Company's risk exposures.

(i) Market risk

Market risk is the risk that changes in market prices, including foreign exchange rates, commodity prices, share prices, and interest rates will cause fluctuations in the fair value or future cash flows of a financial instrument.

Foreign currency risk

Hudbay's primary exposure to foreign currency risk arises from:

- Translation of Canadian dollar denominated costs and, to a lesser extent, Peruvian soles cost into US dollars. Substantially all of the Company's revenue are denominated in US dollars, while the majority of its operating costs are denominated in either the Canadian dollar or Peruvian sol. Generally, with gross profit, appreciation of the US dollar relative to the Canadian dollar will increase Hudbay's profit.

- Translation of foreign currency denominated cash, trade and other receivables, trade and other payables, as well as other financial liabilities. Appreciation of the US dollar relative to a foreign currency will decrease the net asset value of these balances once they have been translated to US dollars, resulting in foreign currency translation losses on foreign currency denominated assets and gains on foreign currency denominated liabilities.

The Manitoba and British Columbia segment's primary financial instrument foreign currency exposure is on US denominated cash, trade and other receivables and other financial liabilities. The Peru segment's primary financial instrument foreign currency exposure is on Peruvian soles cash, trade and other payables and other financial liabilities.

The Company's exposure to foreign currency risk was as follows based on notional financial instrument amounts stated in US equivalent dollars:

	Dec. 31, 2023			Dec. 31, 2022		
	CAD[1]	**USD[2]**	**PEN[3]**	CAD[1]	USD[2]	PEN[3]
Cash	**$ 19,039**	**$ 16,737**	**$ 1,956**	$ 9,833	$ 26,749	$ 11,067
Trade and other receivables	**34**	**76,251**	**333**	58	20,520	634
Other financial assets	**6,452**	**-**	**-**	9,799	-	-
Trade and other payables	**(6,090)**	**-**	**(20,988)**	(5,626)	(113)	(29,587)
Other financial liabilities	**-**	**-**	**(54,979)**	-	-	(42,493)
	$ 19,435	**$ 92,988**	**$ (73,678)**	$ 14,064	$ 47,156	$ (60,379)

[1] HMI is exposed to foreign currency risk on CAD.

[2] The Manitoba and British Columbia segments are exposed to foreign currency risk on USD.

[3] The Peru segment is exposed to foreign currency risk on PEN.

The following sensitivity analysis for foreign currency risk relates solely to financial instruments and non-financial derivatives that were outstanding as at the year-end date; each sensitivity calculation assumes all other variables are held constant. This analysis is based on values as at December 31, 2023 and does not reflect the overall effect that changes in market variables would have on the Company's operating results.

December 31, 2023	**Change of:**	**Would have changed 2023 after-tax profit by:**		
USD/CAD exchange rate[1]	**+ 10%**	**$**	**3.7**	million
USD/CAD exchange rate[1]	**- 10%**		**(4.5)**	million
USD/PEN exchange rate[2]	**+ 10%**		**4.4**	million
USD/PEN exchange rate[2]	**- 10%**		**(5.3)**	million

December 31, 2022	Change of:	Would have changed 2022 after-tax profit by:		
USD/CAD exchange rate[1]	+ 10%	$	1.5	million
USD/CAD exchange rate[1]	- 10%		(1.8)	million
USD/PEN exchange rate[2]	+ 10%		3.5	million
USD/PEN exchange rate[2]	- 10%		(4.3)	million

[1] Effect on profit due to foreign currency remeasurements of balances denominated in a currency different from a Hudbay subsidiary's functional currency.
[2] Effect on profit due to foreign currency remeasurement of balances denominated in Peruvian Sol.

Commodity price risk

Hudbay is exposed to market risk from prices for the commodities the Company produces and sells, such as copper, zinc, gold and silver. From time to time, Hudbay maintains price protection programs and conducts commodity price risk management through the use of derivative contracts. The following sensitivity analysis for commodity price risk relates solely to financial instruments and non-financial derivatives that were outstanding as at the year-end date; each sensitivity calculation assumes all other variables are held constant. This analysis is based on values as at December 31, 2023 and does not reflect the overall effect that changes in market variables would have on the Company's operating results.

December 31, 2023	**Change of:**	**Would have changed 2023 after-tax profit by:**		
Copper prices ($/lb) [1]	**+ $0.30**	**$**	**2.6**	**million**
Copper prices ($/lb) [1]	**- $0.30**		**(2.0)**	**million**
Zinc prices ($/lb) [2]	**+ $0.10**		**0.1**	**million**
Zinc prices ($/lb) [2]	**- $0.10**		**(0.1)**	**million**

December 31, 2022	Change of:	Would have changed 2022 after-tax profit by:		
Copper prices ($/lb) [1]	+ $0.30	$	(1.8)	million
Copper prices ($/lb) [1]	- $0.30		1.8	million
Zinc prices ($/lb) [2]	+ $0.10		-	million
Zinc prices ($/lb) [2]	- $0.10		-	million

[1] Effect on profit due to provisional pricing derivatives (note 30c) and copper fixed for floating swaps (note 30b).
[2] Effect on profit due to provisional pricing derivatives (note 30c), non-hedge zinc derivatives and zinc fixed for floating swaps (note 30b).

Share price risk

Hudbay is exposed to market risk from share prices of the Company's investments in listed Canadian metals and mining entities. These investments are made to foster strategic relationships, in connection with joint venture agreements and for investment purposes. Management monitors the value of these investments for the purposes of determining whether to add or reduce Hudbay's positions. The following sensitivity analysis of share price risk relates solely to financial instruments that were outstanding as at the year-end date. This analysis is based on values as at December 31, 2023 and does not reflect the overall effect that changes in market variables would have on the Company's finance expenses.

December 31, 2023	**Change of:**	**Would have changed 2023 after-tax profit by:**		
Share prices	+ **25%**	**$**	**1.6**	**million**
Share prices	- **25%**		**(1.6)**	**million**
December 31, 2022	Change of:	Would have changed 2022 after-tax profit by:		
Share prices	+ 25%	$	2.4	million
Share prices	- 25%		(2.4)	million

Interest rate risk

Hudbay is exposed to the following interest rate risks:

- cash flow interest rate risk on its cash and cash equivalents; and,
- interest rate risk on its senior secured revolving credit facilities.

As at December 31, 2023, the interest rate risk relates to cash on hand and the drawn balance our revolving credit facilities. Neither the 2026 Notes nor the 2029 Notes contain embedded derivatives that require bifurcation from the host contract.

This analysis only quantifies the impact of the interest rate risk on cash based on balances held and on our revolving credit facilities based on amounts drawn as at December 31, 2023 and 2022 and does not reflect the overall effect that changes in market variables would have on the Company's finance expenses.

December 31, 2023	**Change of:**	**Would have changed 2023 after-tax profit by:**		
Interest rates	**+ 2.00%**	**$**	**3.0**	**million**
Interest rates	**- 2.00%**		**(3.0)**	**million**
December 31, 2022	Change of:	Would have changed 2022 after-tax profit by:		
Interest rates	+ 2.00%	$	4.5	million
Interest rates	**-** 2.00%		(4.5)	million

(ii) Credit risk

Credit risk is the risk of financial loss to Hudbay if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the reporting date is represented by the carrying amount, net of any impairment losses recognized, of financial assets and non-financial derivative assets recorded on the consolidated balance sheets.

A large portion of Hudbay's cash are on deposits with major Schedule 1 Canadian banks. Deposits with Schedule 1 Canadian banks represented 62% of total cash as at December 31, 2023 (2022 - 64%). Hudbay's investment policy requires it to comply with a list of approved investments, concentration and maturity limits, as well as credit quality. Credit concentrations in the Company's short-term investments are monitored on an ongoing basis.

Transactions involving derivatives are with counterparties Hudbay believes to be creditworthy.

At December 31, 2023, approximately 76% of Hudbay's trade receivables were secured by letters of credit (2022 - 86% were insured or payable by letters of credit). Any additional exposure to credit risk is monitored and approved on an ongoing basis. Expected credit losses on trade and other receivables at December 31, 2023 and December 31, 2022, are insignificant.

Two customers accounted for approximatel y 24% and 17% of total trade receivables as at December 31, 2023 (2022 - two customers accounted for approximately 18% and 14% of total trade receivables). Credit risk for these customers is assessed as medium to low. As at December 31, 2023, none of the Company's trade receivables were aged more than 30 days (2022 - nil).

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Hudbay's objective is to maintain sufficient liquid resources to meet operational and investing requirements.

The following summarizes the contractual undiscounted cash flows of the Company's non-derivative and derivative financial liabilities, including any interest payments, by remaining contractual maturity and financial assets used to manage liquidity risk. The table includes all instruments held at the reporting date for which payments had been contractually agreed at the reporting date. The undiscounted amounts shown are gross amounts, unless the liabilities will be settled net. Amounts in foreign currency are translated at the closing rate at the reporting date. When a counterparty has a choice of when an amount is paid, the liability is allocated to the earliest possible time period.

Dec. 31, 2023	Carrying amount	Contractual cash flows	12 months or less	13 - 36 months	37 - 60 months	More than 60 months
Assets used to manage liquidity risk						
Cash	$ 249,794	$ 249,794	$ 249,794	$ -	$ -	$ -
Restricted cash	1,964	1,964	1,964	-	-	-
Trade and other receivables	176,214	176,214	176,214	-	-	-
Non-hedge derivative assets	1,416	1,416	1,416	-	-	-
	$ 429,388	$ 429,388	$ 429,388	$ -	$ -	$ -
Non-derivative financial liabilities						
Trade and other payables, including embedded derivatives	$ (219,304)	$ (219,304)	$ (219,304)	$ -	$ -	$ -
Agreements with communities [1]	(54,979)	(79,454)	(20,428)	(10,593)	(8,084)	(40,349)
Deferred Rosemont acquisition consideration	(9,713)	(10,000)	(10,000)	-	-	-
Senior unsecured notes	(1,190,586)	(1,469,625)	(63,750)	(714,000)	(73,500)	(618,375)
Senior secured revolving credit facilities	(96,950)	(120,737)	(11,416)	(109,321)	-	-
Gold prepayment obligation [2]	(55,901)	(55,901)	(55,901)	-	-	-
Wheaton refund liability	(6,653)	(79,232)	-	-	-	(79,232)
	$(1,634,086)	$ (2,034,253)	$ (380,799)	$ (833,914)	$ (81,584)	$ (737,956)
Derivative financial liabilities						
Non hedge derivative contracts	$ (11,811)	$ (11,811)	$ (11,811)	$ -	$ -	$ -
	$ (11,811)	$ (11,811)	$ (11,811)	$ -	$ -	$ -

[1] Represents the Peru community agreement obligation, excluding interest.

[2] Discounted.

Dec. 31, 2022	Carrying amount	Contractual cash flows	12 months or less	13 - 36 months	37 - 60 months	More than 60 months
Assets used to manage liquidity risk						
Cash	$ 225,665	$ 225,665	$ 225,665	**$ -**	**$ -**	**$ -**
Restricted cash	486	486	486	**-**	**-**	**-**
Trade and other receivables	87,638	87,638	87,638	**-**	**-**	**-**
Non-hedge derivative assets	577	577	577	**-**	**-**	**-**
	$ 314,366	$ 314,366	$ 314,366	$ -	$ -	$ -
Non-derivative financial liabilities						
Trade and other payables, including embedded derivatives	$ (195,872)	$ (195,872)	$ (195,872)	$ -	$ -	$ -
Agreements with communities [1]	(42,493)	(67,662)	(8,421)	(8,591)	(7,688)	(42,962)
Deferred Rosemont acquisition consideration	(18,876)	(20,000)	(10,000)	(10,000)	-	-
Long-term debt, including embedded derivatives	(1,188,132)	(1,541,669)	(66,692)	(132,852)	(687,000)	(655,125)
Gold prepayment obligation [2]	(71,208)	(71,208)	(71,208)	-	-	-
Wheaton refund liability	(6,383)	(79,232)	-	-	-	(79,232)
	$ (1,522,964)	$ (1,975,643)	$ (352,193)	$ (151,443)	$ (694,688)	$ (777,319)
Derivative financial liabilities						
Non-hedge derivative contracts	$ (17,995)	$ (17,995)	$ (17,995)	$ -	$ -	$ -
	$ (17,995)	$ (17,995)	$ (17,995)	$ -	$ -	$ -

[1] Represents the Peru community agreement obligation, excluding interest.

[2] Discounted.

31. Commitments

(a) Capital commitments

As at December 31, 2023, Hudbay had outstanding capital commitments in Manitoba of approximately $ 10,066 of which $7,322 can be terminated, approximately $13,847 in British Columbia, of which approximately $ 11,209 can be terminated, approximately $ 73,398 in Peru, all of which can be terminated, and approximately $41,913 in Arizona, primarily related to the Copper World Complex, of which approximately $7,180 can be terminated.

(b) Non capitalized lease commitments

Hudbay has entered into various non-capitalized lease commitments for facilities and equipment. The leases expire in periods ranging from one to two years. There are no restrictions placed on the Company by entering into these leases. Future minimum lease payments under such cancellable leases recognized within results from operating activities at December 31 are:

	2023	2022
Within one year	**$ 20,726**	$ 21,016
After one year but not more than five years	**9,544**	25,574
More than five years	**4,144**	4,962
	$ 34,414	$ 51,552

(c) Contingent liabilities

Hudbay is involved in various claims, litigation and other matters arising in the ordinary course and conduct of business. While it is not possible to determine the ultimate outcome of such actions at this time, and inherent uncertainties exist in predicting such outcomes, it is Hudbay's belief that the ultimate resolution of such actions is not reasonably likely to have a material adverse effect on its consolidated financial position or results of operations. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. As a result of the assessment, management believes that no significant contingent liabilities exist.

32. Related parties

(a) Group companies

The financial statements include the financial statements of the Company and the following significant subsidiaries:

				Beneficial ownership of ultimate controlling party (Hudbay Minerals Inc.)	
Name	**Jurisdiction**	**Business**	**Entity's Parent**	**2023**	**2022**
HudBay Peru Inc.	British Columbia	Holding company	HMI	100%	100%
HudBay Peru S.A.C.	Peru	Exploration/development	HudBay Peru Inc.	100%	100%
HudBay (BVI) Inc.	British Virgin Islands	Precious metals sales	HudBay Peru Inc.	100%	100%
Hudbay Arizona Inc.	British Columbia	Holding company	HMI	100%	100%
Copper World, Inc.	Arizona	Exploration/development	HudBay Arizona (US) Holding Corporation	100%	100%
Hudbay British Columbia Inc.	British Columbia	Holding company	HMI	100%	-%
Copper Mountain Mine (BC) Ltd.	British Columbia	Exploration/development	Copper Mountain Mining ULC	75%	-%
Copper Mountain Mining Inc.	Canada	Exploration/development	Hudbay British Columbia Inc.	100%	-%

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Compensation of key management personnel

The Company's key management includes members of the Board of Directors, Hudbay's Chief Executive Officer, Hudbay's senior vice presidents and vice presidents. Total compensation to key management personnel was as follows:

	Year ended December 31,	
	2023	2022
Short-term employee benefits[1]	**$ 10,715**	$ 9,915
Post-employment benefits	**811**	959
Termination benefits	**-**	2,287
Long-term share-based awards	**2,921**	6,646
	$ 14,447	$ 19,807

[1] Such as salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing, termination benefits, bonuses and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees.

(c) Transaction with related parties

All transactions with related parties have occurred in the normal course of the Company's operations.

i. During the year ended December 31, 2023, the Company sold copper concentrate under the provision of a long-term contract with MMC for revenues totaling $165,438 including pricing adjustments. As at December 31, 2023, the Company had $ 23,088 of trade receivables due from MMC outstanding.

ii. During the year ended December 31, 2023, the Company obtained cash advances on certain concentrate shipments from MMC. Interest charged on these advances amounted to $922.

33. Supplementary cash flow information

(a) Other operating activities:

	Year ended December 31,	
	2023	2022
Amortization of community agreements	**$ 12,160**	$ 5,129
Share based compensation paid	**(5,817)**	(6,647)
Changes in non-current assets	**-**	(1,577)
Share based compensation and change of control payments made upon acquisition of Copper Mountain	**(6,743)**	-
Loss on disposal of property, plant & equipment	**7,521**	-
Restructuring - Manitoba	**-**	(4,524)
Other	**1,562**	5,576
	$ 8,683	$ (2,043)

(b) Change in non-cash working capital:

	Year ended December 31,	
	2023	2022
Change in:		
Trade and other receivables	**$ (70,343)**	$ 88,482
Other financial assets/liabilities	**(7,027)**	11,977
Inventories	**18,150**	(13,032)
Prepaid expenses	**16,392**	(5,377)
Trade and other payables	**(31,450)**	2,449
Provisions and other liabilities	**(18,866)**	11,575
	$ (93,144)	$ 96,074

(c) Non-cash transactions:

During the year ended December 31, 2023 and 2022, Hudbay entered into the following non-cash investing and financing activities which are not reflected in the consolidated statements of cash flows:

- Remeasurement of Hudbay's decommissioning and restoration liabilities led to a net increase in related property, plant and equipment assets of $20,595 (December 31, 2023 - a net decrease of $37,108), mainly related to changes to real discount rates associated with remeasurement of the liabilities.

- Property, plant and equipment included $21,401 (December 31, 2022 - $27,984) of capital additions related to the recognition of ROU assets and $14,198 of capital additions related to exploration and evaluation assets acquired through the acquisition of Rockcliff (note 6) (December 31, 2022 - nil). Property, plant and equipment and other assets include $ 17,335 of capital additions related to agreements with communities (December 31, 2022 - $39,240).

34. Non-Controlling Interest

As part of the British Columbia operating segment, The Company owns 75% of the Copper Mountain mine in British Columbia. The remaining 25% ownership stake is held by Mitsubishi Materials Corporation. The continuity of non-controlling interest balance is disclosed in the consolidated statements of changes in equity.

Summarized financial information for the Copper Mountain mine on an 100% basis is as follows:

Summarized Balance Sheets

	December 31, 2023
Assets	
Cash and cash equivalents	**$ 10,047**
Trade and other receivables	**31,178**
Inventories - current	**42,124**
Property, plant and equipment	**857,760**
Other assets	**9,185**
Goodwill	**75,285**
	1,025,579
Liabilities	
Trade and other payables	**38,030**
Amounts due to related parties	**301,601**
Environmental provisions	**37,835**
Lease liabilities	**48,878**
Deferred tax liabilities	**147,262**
Other liabilities	**755**
	574,361
Equity	
Equity attributable to owners of the Company	**341,190**
Non-controlling interest	**110,028**
	$ 1,025,579

Summarized Income Statement and Comprehensive Income

		Year ended December 31, 2023
Total revenue	**$**	**165,438**
Mine operating costs		**124,911**
Depreciation and amortization		**11,744**
Gross profit		**28,783**
Other expenses		**2,314**
Finance expense - related parties		**9,080**
Other net finance costs		**2,828**
Tax expense		**1,856**
Profit for the period	**$**	**12,705**
Total comprehensive income	**$**	**12,209**

The above information is presented before inter-company eliminations.

35. Segmented information

Hudbay is an integrated metals producer. When making decisions on expansions, opening or closing mines, as well as day to day operations, management evaluates the results from operating activities of the Company. Hudbay has the following reportable segments identified by the individual mining operations of Manitoba, British Columbia, Peru, as well as Arizona which holds our Copper World project. The Manitoba, British Columbia and Peru segments generate Hudbay's revenue. The Manitoba segment sells copper concentrate (containing copper, gold and silver), silver/gold doré, zinc concentrate (containing zinc and gold) and other products. The Peru segment consists of Hudbay's Constancia operation and sells copper concentrate and molybdenum concentrate. The British Columbia segment consists of the Copper Mountain operation and sells copper concentrate. No results for the British Columbia segment are reflected in the prior year comparative figures. Hudbay's Arizona segment consists of the Copper World project located in Arizona. Corporate and other activities include the Company's exploration activities in Chile, Canada and the State of Nevada. The exploration entities are not individually significant, as they do not meet the minimum quantitative thresholds. Corporate activities are not considered a segment and are included as a reconciliation to total consolidated results. Accounting policies for each reported segment are the same as those of the Company. Results from operating activities represents the profit earned by each segment without allocation of corporate costs. This is the measure reported to the chief operating decision-maker, Hudbay's President and Chief Executive Officer, for the purposes of resource allocation and the assessment of segment performance. Total assets and liabilities do not reflect intercompany balances, which have been eliminated on consolidation.

Year ended December 31, 2023						
	Peru	Manitoba	British Columbia	Arizona	Corporate and other activities	Total
Revenue from external customers	$ 1,040,298	$ 484,294	$ 165,438	$ -	$ -	$ 1,690,030
Cost of sales						
Mine operating costs	494,500	286,401	124,911	-	-	905,812
Depreciation and amortization	275,647	104,266	11,744	-	-	391,657
Gross profit	270,151	93,627	28,783	-	-	392,561
Selling and administrative expenses	-	-	-	-	39,228	39,228
Exploration expenses	15,215	8,161	3,432	-	2,468	29,276
Other expenses	17,444	17,985	(54)	382	2,551	38,308
Re-evaluation adjustment - environmental provision	-	(13,737)	2,321	-	-	(11,416)
Results from operating activities	$ 237,492	$ 81,218	$ 23,084	$ (382)	$ (44,247)	$ 297,165
Net interest expense on long term debt						76,202
Accretion on streaming arrangements						26,291
Change in fair value of financial instruments						14,053
Other net finance costs						28,789
Profit before tax						151,830
Tax expense						82,287
Profit for the year						$ 69,543

Year ended December 31, 2022					
	Peru	Manitoba	Arizona	Corporate and other activities	Total
Revenue from external customers	$ 828,150	$ 633,290	$ -	$ -	$ 1,461,440
Cost of sales					
Mine operating costs	419,535	427,402	-	-	846,937
Depreciation and amortization	211,043	126,572	-	-	337,615
Gross profit	197,572	79,316	-	-	276,888
Selling and administrative expenses	-	-	-	33,986	33,986
Exploration expenses	13,359	10,644	8,657	1,851	34,511
Other expenses (income)	16,016	10,981	6,047	(458)	32,586
Re-evaluation adjustment - environmental provision	-	(133,460)	-	-	(133,460)
Impairment - Arizona	-	-	94,956	-	94,956
Results from operating activities	$ 168,197	$ 191,151	$ (109,660)	$ (35,379)	$ 214,309
Net interest expense on long term debt					67,663
Accretion on streaming arrangements					27,778
Change in fair value of financial instruments					942
Other net finance costs					22,111
Profit before tax					95,815
Tax expense					25,433
Profit for the year					$ 70,382

December 31, 2023						
	Peru	**Manitoba**	**British Columbia**	**Arizona**	**Corporate and other activities**	**Total**
Total assets	**$ 2,406,260**	**$ 672,915**	**$ 1,027,976**	**$ 736,680**	**$ 468,803**	**$ 5,312,634**
Total liabilities	**1,086,229**	**413,331**	**276,723**	**23,446**	**1,306,066**	**3,105,795**
Property, plant and equipment [1]	**2,001,716**	**693,941**	**853,075**	**727,903**	**39,371**	**4,316,006**

[1] Included in Corporate and Other activities is $ 27.6 million of property, plant and equipment that is located in Nevada.

December 31, 2023						
	Peru	**Manitoba**	**British Columbia**	**Arizona**	**Corporate and other activities**	**Total**
Additions to property, plant and equipment	**$ 160,878**	**$ 90,628**	**$ 50,082**	**$ 22,281**	**$ -**	**$ 323,869**

	December 31, 2022				
	Peru	Manitoba	Arizona	Corporate and other activities	Total
Total assets	$ 2,532,750	$ 690,403	$ 713,567	$ 389,223	$ 4,325,943
Total liabilities	974,184	427,107	36,131	1,316,712	2,754,134
Property, plant and equipment [1]	2,115,495	691,836	704,472	40,627	3,552,430

[1]Included in Corporate and Other activities is $27.4 million of property, plant and equipment that is located in Nevada.

	December 31, 2022				
	Peru	Manitoba	Arizona	Corporate and other activities	Total
Additions to property, plant and equipment	$ 123,288	$ 161,849	$ 63,238	$ 168	$ 348,543

Geographical Segments

The following tables represent revenue information regarding Hudbay's geographical segments for the years ended December 31, 2023 and 2022:

		2023		2022
Revenue by customer location [1]				
Canada	**$**	**501,193**	$	593,397
China		**282,175**		247,880
Switzerland		**268,164**		251,963
Hong Kong		**176,698**		62,608
Japan		**165,438**		66
United States		**108,400**		168,470
Singapore		**91,499**		65,750
Peru		**44,414**		-
South Korea		**27,618**		4
Philippines		**20,686**		34,389
Chile		**2,940**		33,557
Belgium		**805**		-
United Kingdom		**-**		3,356
	$	**1,690,030**	$	1,461,440

[1] Presented based on the ultimate destination of the product if known. If the eventual destination of the product sold through traders is not known then revenue is allocated to the location of the customer's business office and not the ultimate destination of the product.

During the year ended December 31, 2023, five customers accounted for approximately 20%, 11%, 10%, 9%, and 7% respectively, of total revenue during the year. Revenue from these customers has been presented in the Manitoba, British Columbia and Peru operating segments.

During the year ended December 31, 2022, five customers accounted for approximately 26%, 11%, 8%, 5% and 5% respectively, of total revenue during the year. Revenue from these customers has been presented in the Manitoba and Peru operating segments.s



Management's Discussion and Analysis of Results of Operations and Financial Condition

For the year ended
December 31, 2023

February 22, 2024

HUDBAY

TABLE OF CONTENTS

	Page
Introduction	1
Our Business	1
Our Purpose	1
Our Strategy	2
Summary	4
Key Financial Results	9
Key Production Results	10
Key Costs Results	11
Recent Developments	12
Climate Change Initiatives	16
Peru Operations Review	17
Manitoba Operations Review	22
British Columbia Operations Review	27
Outlook	29
Financial Review	37
Liquidity and Capital Resources	48
Financial Risk Management	55
Trend Analysis and Quarterly Review	58
Non-IFRS Financial Performance Measures	61
Accounting Changes	76
Critical Accounting Judgements and Estimates	76
Disclosure Controls and Procedures and Internal Control over Financial Reporting	78
Notes to Reader	79
Summary of Historical Results	82

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") dated February 22, 2024 is intended to supplement Hudbay Minerals Inc.'s audited consolidated financial statements and related notes for the year ended December 31, 2023 and 2022 (the "consolidated financial statements"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

References to "Hudbay", the "Company", "we", "us", "our" or similar terms refer to Hudbay Minerals Inc. and its direct and indirect subsidiaries as at December 31, 2023.

Readers should be aware that:

- This MD&A contains certain "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") that are subject to risk factors set out in a cautionary note contained in our MD&A.
- This MD&A includes an updated discussion of the risks associated with business integration and, in particular, the risks associated with integrating our 75% owned Copper Mountain mine into our operations and uncertainties related to its potential impact on our financial condition, financial performance and cash flows, and supplements the discussion of these risks in our most recent Annual Information Form ("AIF").
- This MD&A 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 US issuers.
- We use a number of non-IFRS financial performance measures in our MD&A. Please see the discussion under the "Non-IFRS Financial Performance Measures" section herein.
- The technical and scientific information in this MD&A has been approved by qualified persons based on a variety of assumptions and estimates.

For a discussion of each of the above matters, readers are urged to review the "Financial Risk Management" and "Notes to Reader" sections beginning on page 79 of this MD&A.

Additional information regarding Hudbay, including the risks related to our business and those that are reasonably likely to affect our consolidated financial statements in the future, is contained in our continuous disclosure materials, including our most recent AIF, consolidated financial statements and Management Information Circular available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

All amounts are in US dollars unless otherwise noted.

OUR BUSINESS

We are a diversified mining company with long-life assets in North and South America. Our Constancia operations in Cusco (Peru) produce copper with gold, silver and molybdenum by-products. Our Snow Lake operations in Manitoba (Canada) produce gold with copper, zinc and silver by-products. Our Copper Mountain operations in British Columbia (Canada) produce copper with gold and silver by-products. We have a development pipeline that includes the Copper World project in Arizona and the Mason project in Nevada (United States), and our growth strategy is focused on the exploration, development, operation, and optimization of properties we already control, as well as other mineral assets we may acquire that fit our strategic criteria. We are governed by the *Canada Business Corporations Act* and our shares are listed under the symbol "HBM" on the Toronto Stock Exchange, New York Stock Exchange and Bolsa de Valores de Lima.

OUR PURPOSE

We care about our people, our communities and our planet. Hudbay provides the metals the world needs. We work sustainably, transform lives and create better futures for communities.

We transform lives: We invest in our employees, their families and local communities through long-term employment, local procurement and economic development to improve their quality of life and ensure the communities benefit from our presence.

We operate responsibly: From exploration to closure, we operate safely and responsibly, we welcome innovation and we strive to minimize our environmental footprint while following leading operating practices in all facets of mining.

We provide critical metals: We produce copper and other metals needed for everyday products and essential for applications to support the energy transition toward a more sustainable future.

OUR STRATEGY

Our mission is to create sustainable value and strong returns by leveraging our core strengths in community relations, focused exploration, mine development and efficient operations.

We believe that copper is the commodity with the best long-term supply/demand fundamentals and offers shareholders the greatest opportunity for sustained risk-adjusted returns. Copper is essential for achieving global climate change goals - it is one of the most heavily utilized metals in renewable energy systems and is the least carbon intensive. Through the discovery and successful development of economic mineral deposits, and through highly efficient low-cost operations to extract the metals, we believe sustainable value will be created for all stakeholders.

Hudbay's successful development, ramp-up and operation of the Constancia open-pit mine in Peru, our long history of underground mining and full life-cycle experience in northern Manitoba, and our track record of reserve expansion through effective exploration, and our organic pipeline of copper development projects including Copper World, Mason and Llaguen, provide us with a competitive advantage to deliver sustainable value relative to other mining companies of similar scale.

Over the past decade, we have built a world-class asset portfolio by executing a consistent long-term growth strategy focused on copper. We continuously work to generate strong free cash flow and optimize the value of our producing assets through exploration, brownfield expansion projects and efficient and safe operations. Furthermore, we intend to sustainably grow Hudbay through the exploration and development of our robust project pipeline, as well as through the acquisition of other properties that fit our stringent strategic criteria.

To ensure that any investment in our existing assets or acquisition of other mineral assets is consistent with our purpose and mission, we have established a number of criteria for evaluating these opportunities. The criteria include the following:

- *Sustainability*: We are focused on jurisdictions that support responsible mining activity. Our current geographic focus is on select investment grade countries in the Americas, with strong rule of law and respect for human rights consistent with our long-standing focus on environmental, social and governance ("ESG") principles;
- *Copper Focus*: We believe copper is the commodity with the best long-term supply/demand fundamentals. Global copper mine supply is challenged due to declining industry grades, limited exploration success and an insufficient pipeline of development-ready projects while demand will continue to increase through global decarbonization initiatives. We believe this long-term supply/demand gap will create opportunities for increased risk-adjusted returns. While our primary focus is on copper, we recognize and value the polymetallic nature of copper deposits and, in particular, the counter-cyclical nature of gold in our portfolio;
- *Quality*: We are focused on investing in long-life, low-cost, expandable, high-quality assets that can capture peak pricing of multiple commodity price cycles and can generate free cash flow through the troughs of price cycles;
- *Potential*: We consider the full spectrum of acquisition and investment opportunities, from early-stage exploration to producing assets, that offer significant incremental potential for exploration, development, expansion and optimization beyond the stated resources and mine plan;
- *Process*: We develop a clear understanding of how an investment or acquisition can create value through our robust due diligence and capital allocation process that applies our technical, social, operational and project execution expertise;
- *Operatorship*: We believe value is created through leveraging Hudbay's competitive advantages in safe and efficient operations and effective exploration and project development and community relations. While operatorship is a key criterion, we are open to joint ventures and partnerships that de-risk our portfolio and increase risk-adjusted returns; and

- *Capital Allocation*: We pursue investments and acquisitions that are accretive to Hudbay on a per share basis. Given that our strategic focus includes allocating capital to assets at various stages of development, when evaluating accretion, we will consider measures such as internal rate of return ("IRR"), return on invested capital ("ROIC"), net asset value per share and the contained value of reserves and resources per share.

Our key objectives for 2024 are to:

- Enhance Hudbay's position to deliver its leading copper growth pipeline;
- Deliver copper production growth and maintain strong gold production from diversified operating platform to generate strong cash flow;
- Execute stabilization plan at Copper Mountain to drive improved operating performance and achieve operating synergies;
- Maintain continued focus on financial discipline as we progress towards achieving deleveraging targets by managing discretionary spending and generating strong returns on invested capital;
- Evaluate the viability of an additional mining phase at Constancia that could convert a portion of mineral resources to mineral reserves;
- Evaluate opportunities to utilize excess capacity at the Stall mill in Snow Lake to enhance production and achieve greater economies of scale;
- Progress de-risking of the Copper World project through final state permitting activities and a potential joint venture partnership to prudently advance the three pre-requisites plan required for sanctioning;
- Execute the large exploration program on the expanded land package in Snow Lake to target new discoveries;
- Advance plans to drill the prospective Maria Reyna and Caballito properties near Constancia;
- Assess economic viability of various metallurgical technologies for the reprocessing of Flin Flon tailings;
- Advance exploration partnership with Marubeni to explore for new discoveries within trucking distance of the Flin Flon processing facilities;
- Continue to identify and evaluate opportunities to further reduce greenhouse gas emissions in alignment with our climate change commitments and global decarbonization goals;
- Assess growth opportunities that meet our stringent strategic criteria and allocate capital to pursue those opportunities that create sustainable value for the company and our stakeholders; and
- As always, continue to operate safely and sustainably, aligned with our company purpose to ensure that our activities have a positive impact on our people, our communities and our planet.

SUMMARY

Delivering Record Fourth Quarter and Full Year Operating and Financial Results

- Achieved record quarterly and annual revenue of $602.2 million and $1,690.0 million, respectively, with strong consolidated copper production of 45,450 tonnes and record consolidated gold production of 112,776 ounces in the fourth quarter from continued higher grades at the Pampacancha deposit in Peru and the Lalor mine in Manitoba and the contributions of the newly acquired Copper Mountain mine in British Columbia.
- Delivered a significant increase in operating cash flow before change in non-cash working capital of $246.5 million in the fourth quarter, a 35% increase compared to $182.0 million in the third quarter, which was meaningfully higher than prior quarters.
- Achieved 2023 consolidated production guidance for all metals. Full year 2023 copper production of 131,691 tonnes, gold production of 310,429 ounces and silver production of 3,575,234 ounces increased by 26%, 41% and 13%, respectively, compared to 2022.
- Consolidated 2023 cash cost and sustaining cash cost per pound of copper produced, net of by-product credits [1] were better than expected and significantly outperformed the 2023 guidance range. Full year 2023 consolidated cash cost and sustaining cash cost per pound of copper produced, net of by-product credits[1], were $0.80 and $1.72, respectively, increasing by 7% and 17%, respectively, compared to 2022.
- Consolidated cash cost[1] and sustaining cash cost[1] per pound of copper produced, net of by-product credits [1], in the fourth quarter, were $0.16 and $1.09, respectively, improving by 85% and 42%, respectively, compared to the third quarter of 2023.
- Peru operations benefited from continued higher grades at the Pampacancha satellite pit, resulting in 33,207 tonnes of copper production and 49,418 ounces of gold production in the fourth quarter. Full year copper production was within 2023 guidance ranges while gold production exceeded the top end of guidance. Peru cash cost per pound of copper produced, net of by-product credits[1], in the fourth quarter improved to $0.54, and full year cash costs significantly improved over 2022 levels and achieved the low end of the 2023 annual cost guidance range.
- Manitoba operations produced 59,863 ounces of gold in the fourth quarter, a quarterly record as higher gold and copper grade zones were mined at Lalor and the New Britannia mill processed significantly higher amounts of gold ore. Full year gold production was well within the 2023 guidance range and exceeded recent expectations of being positioned at the lower end of the range. Manitoba cash cost per ounce of gold produced, net of by-product credits[1], was $434 during the fourth quarter and full year cash costs were within the 2023 annual guidance range.
- British Columbia operations produced 8,508 tonnes of copper at a cash cost per pound of copper produced, net of by-product credits [1], of $2.67 in the fourth quarter. Full year production and cash costs were within Hudbay's post-acquisition guidance ranges. Operational stabilization plans continue to be implemented at the Copper Mountain mine with a focus on opening additional mining faces, optimizing ore feed to the plant and improving plant reliability.
- Fourth quarter net earnings and earnings per share were $33.5 million and $0.10, respectively. After adjusting for a non-cash loss of $34.0 million related to a quarterly revaluation of our closed site environmental reclamation provision and a non-cash revaluation loss of $9.0 million related to the gold prepayment liability, among other items, fourth quarter adjusted earnings[1] per share were $0.20.
- Cash and cash equivalents increased by $4.6 million to $249.8 million during the fourth quarter due to strong operating cash flows bolstered by higher copper and gold prices and sales volumes enabling a $94.5 million reduction in net debt[1] during the quarter.

Strong Operating Performance Driving Free Cash Flow Generation with Continued Financial Discipline

- Executed on planned higher production levels and achieved continued operating and capital cost efficiencies to generate significant free cash flow in the fourth quarter.
- Achieved record quarterly revenue of $602.2 million. Achieved adjusted EBITDA[1] of $274.4 million in the fourth quarter, the highest quarterly level over the last five years and a 44% increase from the previous recent high in the third quarter of 2023.
- Completed $90 million in debt repayments during the fourth quarter with a $30 million net reduction of our revolving credit facility balance and a $59.7 million redemption of the remaining Copper Mountain bonds, well ahead of the 2026 maturity to increase financial flexibility and lower financing costs. Deleveraging efforts continued into the first quarter of 2024 with an additional $10 million repayment of our revolving credit facility balance in January 2024.
- Increased cash and total liquidity by $34.1 million to $573.7 million compared to the end of the third quarter of 2023. Net debt [1] reduced to $1,037.7 million during the fourth quarter, which together with higher levels of adjusted EBITDA improved our net debt to adjusted EBITDA ratio[1] to 1.6x compared to 2.0x at the end of 2022.

- Delivered annual discretionary spending reduction targets for 2023 with lower growth capital and exploration expenditures compared to 2022. As a result of a continued focus on discretionary spending reductions, total capital expenditures for 2023 (excluding Copper Mountain) of approximately $243 million were $57 million lower than original guidance levels, a further decrease from the $30 million in reductions announced in the third quarter.

Executing on Growth Initiatives

- Post-acquisition plans to stabilize the Copper Mountain operations are underway with a focus on mining fleet ramp-up activities, accelerated stripping and increasing mill reliability. Achieved the targeted $10 million in annualized corporate synergies as of January 2024.
- Released a NI 43-101 technical report for the Copper Mountain mine in December 2023, which contemplates average annual copper production of 46,500 tonnes in the first five years, 45,000 tonnes in the first ten years and 37,000 tonnes over the 21-year mine life. Average cash costs and sustaining cash costs per pound of copper produced, net of by-product credits[1] over the mine life are expected to be $1.84 and $2.53, respectively. Several opportunities to further increase production, improve costs and extend mine life are being evaluated for future mine plans.
- Achieved record copper recoveries of 87.4% at the Constancia mill in the fourth quarter of 2023 as a result of the successful completion of the recovery improvement program in the second quarter, on time and on budget.
- Achieved higher copper recoveries above 90% and gold recoveries above 65% at the Stall mill in the second half of 2023 because of the successful ramp up of the Stall mill recovery improvement project in the second quarter, on time and on budget.
- The New Britannia mill achieved record throughput levels averaging 1,650 tonnes per day in 2023 and 1,800 tonnes per day in the fourth quarter, exceeding its original design capacity of 1,500 tonnes per day due to the successful implementation of process improvement initiatives.
- Commenced largest annual exploration program in Snow Lake consisting of geophysical surveys and drill campaigns testing the newly acquired Cook Lake claims, former Rockcliff properties and near-mine exploration at Lalor.
- Advancing a development and exploration drift at the 1901 deposit in Snow Lake, located within 1,000 metres from the underground ramp access to the Lalor mine, with a focus on confirming the optimal mining method for the base metal and gold lenses and converting the inferred mineral resources in the gold lenses to mineral reserves.
- Continuing to evaluate the Flin Flon tailings reprocessing opportunity through advancing metallurgical test work studies and analyzing metallurgical technologies.

2024 Annual Guidance and Outlook

- Consolidated copper production is forecast to increase by 19% to 156,500 tonnes in 2024, compared to 2023, with continued higher grades in Peru and a full year of British Columbia production.
- Consolidated gold production is forecast to decrease slightly to 291,000 ounces in 2024, compared to 2023, due to higher than planned gold grades being mined in Peru in the fourth quarter of 2023 and deferral of high grade gold zones in Peru to 2025. Total gold production in Peru over the 2023 to 2025 period is expected to be higher than previous guidance levels.
- Consolidated cash cost, net of by-product credits, in 2024 is expected to be within a range of $1.05 and $1.25 per pound of copper, higher than 2023 as a result of lower gold by-product credits and a full year of contributions from British Columbia.
- Total capital expenditures are expected to be $335 million in 2024, reflecting lower expenditures in Peru, Manitoba and Arizona, offset by higher expenditures in British Columbia associated with accelerated stripping to access higher grades and a reclassification of costs from operating to capitalized stripping versus the recent technical report.
- Exploration expenditures are expected to increase in 2024 as we execute our largest-ever exploration program in the Snow Lake region, which is being partially funded by a critical minerals premium flow-through financing that was completed in the fourth quarter.
- Continued focus on reducing discretionary spending in 2024 with total growth capital expenditures 23% lower than 2023.

Summary of Fourth Quarter Results

Cash generated from operating activities in the fourth quarter of 2023 increased to $229.1 million compared to $86.4 million in the same quarter of 2022. Operating cash flow before change in non-cash working capital during the fourth quarter of 2023 was a record $246.5 million, reflecting an increase of $137.4 million compared to the same period of 2022. The increase in operating cash flow before change in non-cash working capital was primarily the result of higher copper and gold sales volumes from mining the high copper and gold grade zones of the Pampacancha deposit and higher gold and copper grade zones at Lalor, higher copper and gold prices, as well as an incremental contribution from our recently acquired Copper Mountain mine.

The operating results in the fourth quarter of 2023 included a full quarter of production from the recently acquired Copper Mountain mine. Consolidated copper, gold and silver production in the fourth quarter of 2023 increased by 55%, 109% and 51%, respectively, compared to the same period in 2022 primarily due to meaningfully higher recoveries in Peru and Manitoba, mining of the high copper and gold grade zones at the Pampacancha deposit, higher gold and copper grade zones at Lalor and incremental production from our Copper Mountain mine. Consolidated zinc production in the fourth quarter of 2023 decreased by 9% primarily due to lower throughput and lower planned zinc grades.

Net earnings and earnings per share in the fourth quarter of 2023 were $33.5 million and $0.10, respectively, compared to net loss and loss per share of $17.4 million and $0.07, respectively, in the fourth quarter of 2022. The results were positively impacted by higher copper, gold and silver sales volumes as well as higher copper, gold and silver realized prices. This was partially offset by a non-cash loss of $34.0 million related to the quarterly revaluation of the environmental reclamation provision at our closed sites and a non-cash revaluation loss of $9.0 million related to the gold prepayment liability.

Adjusted net earnings[1] and adjusted net earnings per share[1] in the fourth quarter of 2023 were $71.3 million and $0.20 per share, respectively, after adjusting for the non-cash loss related to the revaluation of our environmental provision and the revaluation loss on the gold prepayment liability, among other items. This compares to adjusted net earnings and adjusted net earnings per share of $2.6 million, and $0.01 in the same period of 2022. Fourth quarter adjusted EBITDA[1] was $274.4 million, compared to $124.7 million in the same period in 2022.

In the fourth quarter of 2023, consolidated cash cost per pound of copper produced, net of by-product credits [1], was $0.16, compared to $1.08 in the same period in 2022. This decrease was mainly the result of higher copper production and significantly higher by-product credits, partially offset by higher mining, milling and G&A costs from incorporating Copper Mountain. Consolidated sustaining cash cost per pound of copper produced, net of by-product credits[1], was $1.09 in the fourth quarter of 2023 compared to $2.21 in the same period in 2022. This decrease was primarily due to the same reasons outlined above partially offset by higher cash sustaining capital expenditures.

Consolidated all-in sustaining cash cost per pound of copper produced, net of by-product credits [1], was $1.31 in the fourth quarter of 2023, lower than $2.41 in the same period in 2022, due to the same reasons outlined above as well as lower corporate selling and administrative expenses.

As at December 31, 2023, total liquidity increased to $573.7 million, including $249.8 million in cash and cash equivalents as well as undrawn availability of $323.9 million under our revolving credit facilities. We redeemed, in full, the remaining $59.7 million of outstanding Copper Mountain bonds and reduced the net balance drawn under the revolving credit facilities by $30 million. Our net debt declined by $94.5 million during the quarter to $1,037.7 million as at December 31, 2023. Based on continued free cash flow generation in the fourth quarter of 2023, we continue to expect to make progress on our deleveraging targets as outlined in our "3-P" plan for sanctioning Copper World. Current liquidity combined with cash flow from operations is expected to be sufficient to meet our liquidity needs for the foreseeable future.

Summary of Full Year Results

We have achieved our 2023 consolidated production guidance for all metals. On a business unit stand-alone basis, Peru exceeded the top end of the gold production guidance range, Manitoba exceeded the top end of the copper production guidance range, while Copper Mountain exceeded the top end of the silver production guidance range for the portion of 2023 since acquisition.

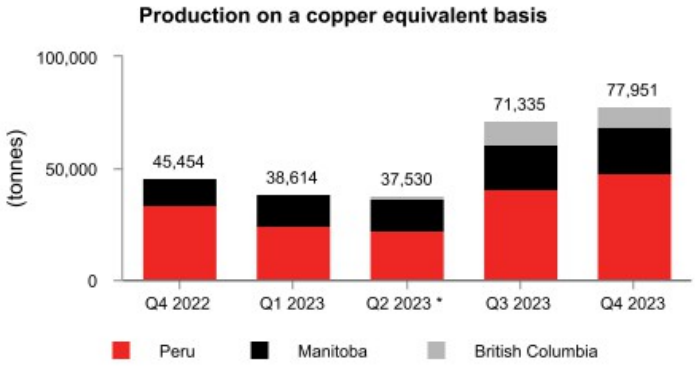
Cash generated from operating activities decreased to $476.9 million in 2023 from $487.8 million. Operating cash flow before change in non-cash working capital increased to $570.0 million from $391.7 million in 2022. The increase in operating cash flow before change in non-cash working capital was primarily the result of higher copper and gold sales volumes and higher gold prices, partially offset by lower zinc sales volumes, lower copper and zinc metal prices and higher treatment and refining charges. Zinc sales volumes were lower than the prior year due to the planned closure of the 777 mine in June 2022.

Consolidated copper, gold and silver production for the full year 2023 increased by 26%, 41% and 13%, respectively, compared to the same period in 2022 primarily due to the acquisition of Copper Mountain in June 2023 as well as higher throughput in Peru and Manitoba, higher overall copper, gold and silver grades and higher gold and silver recoveries.

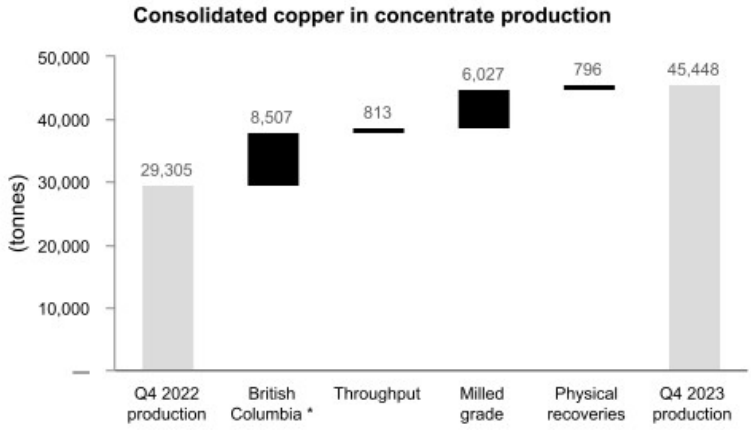
Net earnings and earnings per share for 2023 were $69.5 million and $0.22, respectively, compared to net earnings and earnings per share of $70.4 million and $0.27, respectively, in 2022. The prior period results were positively impacted by a non-cash $133.5 million revaluation gain of our Flin Flon environmental reclamation provision, partially offset by a $95.0 million pre-tax impairment loss related to the previous stand-alone development plan for the Rosemont deposit. Full year 2023 net earnings were negatively impacted by $21.4 million in non-cash mark-to-market losses arising from the revaluation of the gold prepayment liability, investments and share-based compensation, partially offset a by non-cash gain of $11.4 million primarily related to the revaluation of our Flin Flon environmental reclamation provision. Full year 2023 adjusted EBITDA[i] was $647.8 million, an increase of 36% compared to $475.9 million in 2022.

Consolidated cash cost per pound of copper produced, net of by-product credits [1], was $0.80 in 2023, compared to $0.86 in 2022 and achieved the low end of our 2023 annual cost guidance range. This decrease was mainly the result of higher copper production and higher by-product credits, partially offset by higher mining and milling costs from incorporating Copper Mountain. Consolidated sustaining cash cost per pound of copper produced, net of by-product credits[1], was $1.72 in 2023, compared to $2.07 in 2022, outperforming 2023 guidance expectations. This decrease was primarily due to the same reasons outlined above and lower cash sustaining capital expenditures.

Consolidated all-in sustaining cash cost per pound of copper produced, net of by-product credits [1], was $1.92 in 2023, lower than $2.26 in 2022, due to the same reasons outlined above partially offset by higher corporate selling and administrative expenses.



* British Columbia production in Q2 2023 represents a 10-day stub period of production following the June 20, 2023 transaction closing date.



*British Columbia production is not included in the prior year comparative results.

[1] Adjusted net earnings (loss) and adjusted net earnings (loss) per share, adjusted EBITDA, cash cost, sustaining cash cost, all-in sustaining cash cost per pound of copper produced, net of by-product credits, cash cost, sustaining cash cost per ounce of gold produced, net of by-product credits, combined unit cost, net debt and net debt to adjusted EBITDA ratio are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

HUDBAY

KEY FINANCIAL RESULTS

Financial Condition[3]		
(in $ thousands, except net debt to adjusted EBITDA ratio)	**Dec. 31, 2023**	Dec. 31, 2022
Cash and cash equivalents	**$ 249,794**	$ 225,665
Total long-term debt	**1,287,536**	1,184,162
Net debt[1]	**1,037,742**	958,497
Working capital[2]	**135,913**	76,534
Total assets	**5,312,634**	4,325,943
Equity attributable of owners of the Company	**2,096,811**	1,571,809
Net debt to adjusted EBITDA [1]	**1.6**	2.0

[1] Net debt and net debt to adjusted EBITDA are a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] Working capital is determined as total current assets less total current liabilities as defined under IFRS and disclosed on the consolidated financial statements.

[3] Following completion of the Copper Mountain acquisition on June 20, 2023, the Company's financial condition as at December 31, 2023 includes Copper Mountain and accordingly there is no comparable period information.

Financial Performance	Three months ended		Year ended	
(in $ thousands, except per share amounts or as noted below)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Revenue	**$ 602,189**	$ 321,196	**$ 1,690,030**	$ 1,461,440
Cost of sales	**405,433**	251,520	**1,297,469**	1,184,552
Earnings (loss) before tax	**80,982**	(14,287)	**151,830**	95,815
Net earnings (loss)	**33,528**	(17,441)	**69,543**	70,382
Basic earnings (loss) per share	**0.10**	(0.07)	**0.22**	0.27
Adjusted earnings per share [1]	**0.20**	0.01	**0.23**	0.10
Operating cash flow before change in non-cash working capital[2]	**246.5**	109.1	**570.0**	391.7
Adjusted EBITDA[1,2]	**274.4**	124.7	**647.8**	475.9

[1] Adjusted earnings (loss) per share and adjusted EBITDA are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] In $ millions.

KEY PRODUCTION RESULTS

		Three months ended Dec. 31, 2023				Three months ended Dec. 31, 2022		
		Peru	Manitoba	British Columbia[4]	Total	Peru	Manitoba	Total
Contained metal in concentrate and doré produced [1]								
Copper	*tonnes*	**33,207**	**3,735**	**8,508**	**45,450**	27,047	2,258	29,305
Gold	*oz*	**49,418**	**59,863**	**3,495**	**112,776**	20,860	33,060	53,920
Silver	*oz*	**836,208**	**255,579**	**105,295**	**1,197,082**	655,257	139,758	795,015
Zinc	*tonnes*	**-**	**5,747**	**-**	**5,747**	-	6,326	6,326
Molybdenum	*tonnes*	**397**	**-**	**-**	**397**	344	-	344
Payable metal sold								
Copper	*tonnes*	**31,200**	**3,687**	**9,119**	**44,006**	23,789	1,626	25,415
Gold[2]	*oz*	**38,114**	**63,635**	**3,091**	**104,840**	15,116	32,140	47,256
Silver[2]	*oz*	**703,679**	**246,757**	**98,441**	**1,048,877**	411,129	148,177	559,306
Zinc[3]	*tonnes*	**-**	**7,385**	**-**	**7,385**	-	8,230	8,230
Molybdenum	*tonnes*	**468**	**-**	**-**	**468**	421	-	421

[1] Metal reported in concentrate is prior to deductions associated with smelter contract terms.

[2] Includes total payable gold and silver in concentrate and in doré sold.

[3] For the three months ended December 31, 2023, this metric includes payable zinc in concentrate sold. For the three months ended December 31, 2022, this metric also included refined zinc metal and payable zinc in concentrate sold.

[4] Includes 100% of Copper Mountain mine production. Hudbay owns 75% of Copper Mountain mine. As Copper Mountain was acquired on June 20, 2023, there were no comparative 2022 figures.

		Year ended Dec. 31, 2023				Year ended Dec. 31, 2022		
		Peru	Manitoba	British Columbia[4]	Total	Peru	Manitoba	Total
Contained metal in concentrate and doré produced [1]								
Copper	*tonnes*	**100,487**	**12,154**	**19,050**	**131,691**	89,395	14,778	104,173
Gold	*oz*	**114,218**	**187,363**	**8,848**	**310,429**	58,229	161,471	219,700
Silver	*oz*	**2,505,229**	**851,723**	**218,282**	**3,575,234**	2,309,352	851,942	3,161,294
Zinc	*tonnes*	**-**	**34,642**	**-**	**34,642**	-	55,381	55,381
Molybdenum	*tonnes*	**1,566**	**-**	**-**	**1,566**	1,377	-	1,377
Payable metal sold								
Copper	*tonnes*	**96,213**	**10,708**	**18,075**	**124,996**	79,805	14,668	94,473
Gold[2]	*oz*	**97,176**	**171,297**	**8,420**	**276,893**	49,968	163,447	213,415
Silver[2]	*oz*	**2,227,419**	**728,304**	**189,443**	**3,145,166**	2,045,678	932,807	2,978,485
Zinc[3]	*tonnes*	**-**	**28,779**	**-**	**28,779**	-	59,043	59,043
Molybdenum	*tonnes*	**1,462**	**-**	**-**	**1,462**	1,352	-	1,352

[1] Metal reported in concentrate is prior to deductions associated with smelter contract terms.

[2] Includes total payable gold and silver in concentrate and in doré sold.

[3] For the year ended December 31, 2023 this metric includes payable zinc in concentrate sold. For the year ended December 31, 2022, this metric also included payable refined zinc metal sold.

[4] Production results from the Copper Mountain mine represents the period from the June 20 th acquisition date through to the end of the fourth quarter of 2023. Includes 100% of Copper Mountain mine production. Hudbay owns 75% of Copper Mountain mine. As Copper Mountain was acquired on June 20, 2023, there were no comparative 2022 figures.

KEY COST RESULTS

		Three months ended		Year ended		Guidance
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022	Annual 2023[3,4]
Peru cash cost per pound of copper produced						
Cash cost[1]	*$/lb*	**0.54**	1.34	**1.07**	1.58	1.05 - 1.30
Sustaining cash cost[1]	*$/lb*	**1.21**	2.09	**1.81**	2.35	
Manitoba cash cost per ounce of gold produced						
Cash cost[1]	*$/oz*	**434**	922	**727**	297	500 - 800
Sustaining cash cost[1]	*$/oz*	**788**	1,795	**1,077**	1,091	
British Columbia cash cost per pound of copper produced [2]						
Cash cost[1]	*$/lb*	**2.67**	-	**2.50**	-	2.40 - 2.85
Sustaining cash cost[1]	*$/lb*	**3.93**	-	**3.41**	-	
Consolidated cash cost per pound of copper produced						
Cash cost[1]	*$/lb*	**0.16**	1.08	**0.80**	0.86	0.80 - 1.10
Sustaining cash cost[1]	*$/lb*	**1.09**	2.21	**1.72**	2.07	1.80 - 2.25
All-in sustaining cash cost[1]	*$/lb*	**1.31**	2.41	**1.92**	2.26	

[1] Cash cost, sustaining cash cost, all-in sustaining cash cost per pound of copper produced, net of by-product credits, gold cash cost, sustaining cash cost per ounce of gold produced, net of by-product credits, and unit operating cost are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] Cash cost, sustaining cash cost per pound of copper produced for the British Columbia business unit does not have any comparative information. The year-to-date numbers are from the date of acquisition of June 20, 2023.

[3] British Columbia guidance is from acquisition date, June 20, 2023, to the end of the fiscal year.

[4] Consolidated cash cost and sustaining cash cost per pound of copper produced, net of by-product credits, guidance was updated on November 8, 2023 to reflect the incorporation of Copper Mountain guidance; our consolidated guidance was otherwise reaffirmed and remained unchanged.

RECENT DEVELOPMENTS

Advancing Copper Mountain Mine Stabilization Plans

Since completing the acquisition of Copper Mountain on June 20, 2023, we have been focused on advancing our stabilization plans, including opening up the mine by adding additional mining faces and re-mobilizing idle haul trucks, optimizing the ore feed to the plant and implementing plant improvement initiatives.

On December 5, 2023, we released our first NI 43-101 technical report in respect of our 75%-owned Copper Mountain mine. As detailed in the technical report, the mine plan contemplates average annual copper production of 46,500 tonnes in the first five years, 45,000 tonnes in the first ten years and 37,000 tonnes over the 21-year mine life. Average cash costs and sustaining cash costs per pound of copper produced, net of by-product credits,[1] over the mine life are expect to be $1.84 and $2.53, respectively. The updated mine plan represents an approximate 90% increase in average annual copper production and an approximate 50% decrease in cash costs over the first 10 years compared to 2022.

Hudbay's stabilization plans are focused on improving reliability and driving sustainable long-term value:

- ***Increased mining activities*** - Commenced a fleet ramp-up plan to remobilize idle haul trucks. The plan entails remobilization of the mining fleet from 14 trucks to 28 trucks, by the end of 2023. A fully trained complement of truck drivers is expected to be in place in the first half of 2024. Once the fleet ramp up plan is complete, we expect to have improved flexibility in the Copper Mountain mine with additional mining faces.
- ***Accelerated stripping to access higher grades*** - We have commenced a campaign of accelerated stripping over the next three years to enable access to higher grade ore and to mitigate the substantially reduced stripping undertaken by Copper Mountain over the four years prior to completion of the acquisition. The accelerated stripping program is expected to improve operating efficiencies and lower unit operating costs.
- ***Improved mill throughput and recoveries*** - Our mine plan assumes a mill ramp up to its nominal capacity of 45,000 tonnes per day in 2025. An expansion to the permitted capacity of 50,000 tonnes per day is planned in 2027. The mine plan assumes approximately $23 million in growth capital spending over 2025 and 2026 in connection with the mill expansion. We intend to improve mill recoveries with a more consistent ore feed grade, changes to the flotation reagents and replacement of key pumps.
- ***Operating efficiencies and corporate synergies*** - Our stabilization plans are expected to generate more than $20 million in annual operating efficiencies over the next three years, compared to Copper Mountain's performance in 2022, through improvements in copper recovery, higher throughput rates and lower combined unit operating costs. In addition, we have realized the targeted $10 million in annual corporate synergies and is on track to exceed the target.
- ***Ensure stabilization of near-term cash flows*** - Recently entered into copper hedging contracts representing approximately 25% of expected Copper Mountain production in 2024 as a prudent measure to secure cash flows during the stabilization period.

The mine plan is based on a revised resource model and was constructed using consistent methods applied at the Constancia, Copper World and Mason deposits. The mineral reserve estimates total 367 million tonnes at a copper grade of 0.25% and a gold grade of 0.12 grams per tonne, supporting a 21-year mine life. An additional 140 million tonnes of measured and indicated resources at 0.21% copper and 0.10 grams per tonne gold and 370 million tonnes of inferred resources at 0.25% copper and 0.13 grams per tonne gold, exclusive of mineral reserves, provide significant upside potential for reserve conversion and extending mine life. Infill drilling is planned for 2024 to target reserve conversion.

There are several opportunities to further increase production, improve costs and extend mine life for Copper Mountain. While these opportunities have not been considered in the technical report as they are not yet at the level of required engineering, we are advancing studies to evaluate the potential for these to be reflected in future mine plans.
Please see "Qualified Person and NI 43-101" for further details regarding the technical and scientific information included in the technical report.

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[1] Cash cost and sustaining cash cost per pound of copper produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

Delivered Brownfield Capital Projects On Time and On Budget

The Constancia mill achieved record copper recoveries of 87.4% in the fourth quarter primarily as a result of the successful completion of the recovery improvement program in the second quarter of 2023, as planned, ahead of the start of significantly higher grades being mined from the Pampacancha pit in the second half of 2023. The program scope was to increase copper recoveries by 2% by increasing the rougher mass, and the mill continues to achieve the targeted higher copper recoveries.

After the commissioning of the Stall mill recovery improvement project in the second quarter of 2023, subsequent optimization activities proved highly effective, resulting in notably higher recoveries for copper above 90% and gold above 65% in the second half of 2023. Specifically, the Stall mill achieved its targeted gold recovery levels of 67.5% in the third and fourth quarters, compared to 60% in the second quarter.

The total growth capital expenditures in 2023 associated with the completion of these recovery improvement projects were in line with our guidance of $25 million.

The New Britannia mill has consistently achieved higher throughput levels, averaging 1,650 tonnes per day in 2023 and approximately 1,800 tonnes per day in the fourth quarter, significantly exceeding its original design capacity of 1,500 tonnes per day. We have successfully implemented process improvement initiatives that required minimal capital outlays as we pursue higher output that aligns with increased gold production from the Lalor mine.

Generating Free Cash Flow with Increased Production and Continued Financial Discipline

We delivered a second successive quarter of positive free cash flow during the fourth quarter of 2023 as we executed our plan for higher copper and gold production from Pampacancha and higher gold production at Lalor, both driven by higher grades. We continue to expect to see strong production levels throughout 2024 from sustained higher grades in Peru and Manitoba, along with additional production from the recently acquired Copper Mountain mine.

During the fourth quarter, we completed $30 million in net repayments on our revolving credit facilities and redeemed, in full, the remaining $59.7 million of Copper Mountain's bonds from our treasury. We also recommenced deliveries under the gold forward sale and prepay agreement in October 2023, further reducing our outstanding gold prepayment liability, and are scheduled to fully repay the gold prepay facility by August 2024. Despite these debt repayments, we increased our cash and cash equivalents to $249.8 million and reduced our overall net debt to $1,037.7 million as at December 31, 2023, compared to $245.2 million and $1,132.2 million, respectively, as at September 30, 2023. The $94.5 million decline in net debt, together with higher levels of adjusted EBITDA[1] in the fourth quarter, have improved our net debt to adjusted EBITDA ratio [2] to 1.6x compared to 2.0x at the end of 2022. Subsequent to quarter-end, we continued our deleveraging efforts with an additional $10 million repayment on our revolving credit facilities.

During the fourth quarter, we continued to take steps to ensure free cash flow generation and continued financial discipline into 2024 and 2025. To this end, we entered into forward sales contracts at Copper Mountain for a total of 3,600 tonnes of 2024 copper production over the twelve-month period from May 2024 to April 2025 at an average price of $3.93 per pound as well as a zero-cost collars for 6,000 tonnes of copper production over the twelve-month period from May 2024 to April 2025 at an average floor price of $3.83 per pound and an average cap price of $4.03 per pound. As at December 31, 2023, 7.9 million pounds of copper forwards and 13.2 million pounds of copper collars were outstanding.

We successfully delivered on our annual discretionary spending reduction targets for 2023. As a result of continued financial discipline and capital cost efficiencies achieved, total capital expenditures of approximately $243 million for Peru, Manitoba and Arizona in 2023 were approximately $57 million lower than the original guidance levels, a further decrease from the $30 million reduction announced in the third quarter, representing a 19% reduction from the original 2023 total capital expenditure guidance of $300 million.

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[2] Net Debt to EBITDA ratio is a non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A. "

Senior Management Team Appointments

In November 2023, Hudbay promoted Luis Santivañez to Vice President, South America. Mr. Santivañez joined Hudbay in Peru in 2018 and was promoted to General Manager of the South America operations in 2022. Mr. Santivañez has over 20 years of experience at global mining companies working across Peru, Central America and Australia. Under his leadership, the Constancia operations have delivered a successful ramp up at Pampacancha, navigated through a period of politically-driven social unrest in Peru and further enhanced our partnerships with the local communities.

In January 2024, Hudbay appointed John Ritter as Vice President, British Columbia Business Unit. Mr. Ritter brings a diverse background with over 30 years of experience in technical, operational and senior leadership roles at global mining companies. He was most recently the General Manager of the New Afton mine in British Columbia and has strong ties with the local community near the Copper Mountain mine. His focus on operational excellence and value-creating improvements will be instrumental as he leads the stabilization and optimization plans at the Copper Mountain mine.

Advancing Permitting at Copper World

The first key state permit required for Copper World, the Mined Land Reclamation Plan, was initially approved by the Arizona State Mine Inspector in October 2021 and was subsequently amended to reflect a larger private land project footprint. This approval was challenged in state court, but the challenge was dismissed in May 2023 as having no basis. In late 2022, Hudbay submitted the applications for an Aquifer Protection Permit and an Air Quality Permit to the Arizona Department of Environmental Quality. We expect to receive these two outstanding state permits in 2024.

We intend to initiate a minority joint venture process prior to commencing a definitive feasibility study, which will allow the joint venture partner to participate in the final Copper World project design and the funding of definitive feasibility study activities. The opportunity to sanction Copper World is not expected until late 2025 based on current estimated timelines. The decision to sanction Copper World will ultimately be evaluated against other competing investment opportunities as part of Hudbay's capital allocation process.

We released results of the de-risked and enhanced Copper World pre-feasibility study for Phase I in September 2023, which demonstrated a simplified mine plan with an extended 20-year mine life requiring only state and local permits, an after-tax net present value (8%) of $1.1 billion and a 19% internal rate of return at a copper price of $3.75 per pound. Average annual copper production over the first ten years is expected to be approximately 92,000 tonnes at cash costs and sustaining cash costs per pound of copper[1] of $1.53 and $1.95, respectively. Copper World is one of the highest-grade open pit copper projects in the Americas with proven and probable mineral reserves of 385 million tonnes at 0.54% copper.

Snow Lake Exploration

We continue to compile results from ongoing infill drilling at Lalor, which will be incorporated into the next annual mineral reserve and resource estimate update expected to be announced in March 2024.

The planned 2024 exploration program is our largest Snow Lake program in Hudbay's history and it is currently underway with plans to continue testing the deep extensions of the gold and copper zones at Lalor and complete follow up drilling at the Lalor Northwest target. The 2024 program will also explore the newly acquired Cook Lake claims and the former Rockcliff claims located within trucking distance of the existing Snow Lake processing infrastructure. As previously disclosed, both the Cook Lake and former Rockcliff claims were acquired by the company as part of transactions completed in 2023. A majority of the Cook Lake and former Rockcliff claims have been untested by modern deep geophysics, which was the discovery method for the Lalor deposit. Our 2024 exploration program includes a large geophysics program consisting of surface electromagnetic surveys using cutting-edge techniques that enable the team to detect targets at depths of almost 1,000 metres below surface. The company is exploring its newly expanded land package in hopes of finding a new anchor deposit to maximize and extend the life of the Snow Lake operations beyond 2038.

We also expect to advance a development and exploration drift at the 1901 deposit located within 1,000 metres of the haulage ramp to Lalor. The program is expected to take place over 2024 and 2025 with the development of an access drift, drill platforms and diamond drilling to further confirm the optimal mining method to extract the base metal and gold lenses and to convert the inferred mineral resources in the gold lenses to mineral reserves.

Advancing Metallurgical Test Work for the Flin Flon Tailings Reprocessing Opportunity

We identified the opportunity to reprocess Flin Flon tailings, with initial confirmatory drilling completed in 2022 indicating higher zinc, copper and silver grades than predicted from historical mill records while confirming the historical gold grade.

In 2023, we advanced metallurgical test work and evaluated metallurgical technologies, including the signing of a test work co-operation agreement with Cobalt Blue Holdings ("COB") examining the use of COB technology to treat Flin Flon tailings. Initial results from preliminary roasting test work were encouraging in converting more than 90% of pyrite into pyrrhotite and elemental sulphur. Final test work results will support the development of an overall flowsheet. We expect to continue these metallurgical activities throughout 2024 as we assess the economic viability of the various metallurgical technologies.

Peru Exploration Update

We continue to execute a limited drill program and technical evaluations at the Constancia deposit to confirm the economic viability of adding an additional mining phase to the current mine plan that would convert a portion of the mineral resources to mineral reserves. The results from this drill program and technical and economic evaluations are expected to be incorporated in the annual mineral reserve and resource estimate update in March 2024.

We control a large, contiguous block of mineral rights with the potential to host satellite mineral deposits in close proximity to the Constancia processing facility, including the past producing Caballito property and the highly prospective Maria Reyna property. We commenced early exploration activities at Maria Reyna and Caballito after completing a surface rights exploration agreement with the community of Uchucarcco in August 2022. A drill permit application was submitted for the Maria Reyna property in November 2023, and a similar application for the Caballito property is planned for the first half of 2024. In parallel, we continue to advance community engagement activities. Surface mapping and geochemical sampling confirm that both Caballito and Maria Reyna host sulfide and oxide rich copper mineralization in skarns, hydrothermal breccias and large porphyry intrusive bodies.

Dividend Declared

A semi-annual dividend of C$0.01 per share was declared on February 22, 2024. The dividend will be paid out on March 22, 2024 to shareholders of record as of March 5, 2024.

CLIMATE CHANGE INITIATIVES

Progressing Towards Climate Change Commitments

In December 2022, we announced our commitment to achieve net zero greenhouse gas ("GHG") emissions by 2050 and the adoption of interim 2030 GHG reduction targets to support this commitment. While our operations are well-positioned in the lower half of the global GHG emissions curve for copper operations, we recognize our role in mitigating climate change. We also recognize that copper and the metals Hudbay produces play an important role in the world's transition to a greener future. Hudbay's GHG emissions reduction plan includes pursuing a 50% reduction in absolute Scope 1 and Scope 2 emissions from existing operations by 2030 and achieving net zero total emissions by 2050.

In 2023, we made significant progress towards its climate change goals, including:

- Peru Renewable Power Supply Agreement - During the first quarter of 2023, Hudbay signed a new 10-year power purchase agreement with ENGIE Energía Perú for access to a 100% renewable energy supply to Constancia. The agreement will come into effect in January 2026 following the conclusion of Constancia's existing power supply agreement. Total Scope 1 and Scope 2 GHG emissions company-wide at our current operations are expected to decline by 40% during the life of the contract, positioning us well to achieve our 50% reduction target by 2030.
- Electric Shovel at Copper Mountain - In September 2023, Hudbay commissioned a new Komatsu PC8000 electric shovel at the Copper Mountain mine, which reduces carbon intensity by displacing existing diesel shovel production.
- Renewable Diesel at Copper Mountain - In 2023, Hudbay tested the use of renewable diesel in two of our non-trolley assist haul trucks at Copper Mountain in an effort to further reduce GHG emissions. The test results were promising and we subsequently entered into renewable diesel contracts for approximately 80% of the expected fuel to be purchased in 2024.
- Electric Scooptram at Lalor - In the first quarter of 2023, Hudbay initiated the trial of an electric Epiroc scooptram ST14 SG at the Lalor mine, which reduces carbon intensity by lowering emissions and reduces the temperature in the lower areas of the mine to improve ventilation. The trial was successful and, in the third quarter, a second electric scooptram was added to the fleet.

PERU OPERATIONS REVIEW

		Three months ended		Year ended	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Constancia ore mined[1]	*tonnes*	**973,176**	5,614,918	**9,265,954**	25,840,435
Copper	*%*	**0.30**	0.40	**0.32**	0.35
Gold	*g/tonne*	**0.04**	0.04	**0.04**	0.04
Silver	*g/tonne*	**2.26**	3.48	**2.53**	3.40
Molybdenum	*%*	**0.01**	0.01	**0.01**	0.01
Pampacancha ore mined[1]	*tonnes*	**5,556,613**	3,771,629	**14,756,416**	8,319,250
Copper	*%*	**0.56**	0.37	**0.51**	0.33
Gold	*g/tonne*	**0.32**	0.29	**0.33**	0.29
Silver	*g/tonne*	**4.84**	3.84	**4.28**	4.06
Molybdenum	*%*	**0.01**	0.01	**0.01**	0.01
Total ore mined	*tonnes*	**6,529,789**	9,386,547	**24,022,370**	34,159,685
Strip ratio[2]		**1.26**	0.97	**1.51**	1.13
Ore milled	*tonnes*	**7,939,044**	7,795,735	**30,720,929**	30,522,294
Copper	*%*	**0.48**	0.41	**0.39**	0.34
Gold	*g/tonne*	**0.25**	0.12	**0.16**	0.09
Silver	*g/tonne*	**4.20**	3.93	**3.62**	3.58
Molybdenum	*%*	**0.01**	0.01	**0.01**	0.01
Copper concentrate	*tonnes*	**146,065**	117,980	**457,137**	393,255
Concentrate grade	*% Cu*	**22.73**	22.93	**21.98**	22.73
Copper recovery	*%*	**87.4**	85.1	**84.2**	85.0
Gold recovery	*%*	**77.6**	69.6	**71.8**	63.6
Silver recovery	*%*	**78.0**	66.5	**70.0**	65.7
Molybdenum recovery	*%*	**33.6**	37.7	**35.8**	34.8
Combined unit operating costs[3,4,5]	*$/tonne*	**12.24**	13.64	**12.47**	12.78

[1] Reported tonnes and grade for ore mined are estimates based on mine plan assumptions and may not reconcile fully to ore milled.

[2] Strip ratio is calculated as waste mined divided by ore mined.

[3] Reflects combined mine, mill and general and administrative ("G&A") costs per tonne of ore milled. Reflects the deduction of expected capitalized stripping costs.

[4] Combined unit costs is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[5] Excludes approximately $0.7 million or $0.09 per tonne, and $5.2 million or $0.17 per tonne, of COVID-19 related costs during the three and twelve months ended December 31, 2022.

Ore mined from Pampacancha during the fourth quarter increased 47% to 5.6 million tonnes compared to the same period in 2022 at average grades of 0.56% copper and 0.32 grams per tonne gold. Total ore mined in the fourth quarter of 2023 decreased by 30% compared to the same period in 2022 primarily due to phase 5 stripping activities at Constancia and a significant increase in Pampacancha mining activity which entails a higher amount of stripping. The decrease in total mined ore was in line with our mine plan and similar to the third quarter and, as such, mill feed continued to be supplemented with ore from stockpiles during the quarter.

Ore milled during the fourth quarter of 2023 was 2% higher than the same period in 2022 mainly due to treatment of softer ore from stockpiles. Milled copper and gold grades increased by 17% and 108%, respectively, in the fourth quarter of 2023 compared to the same period in 2022 due to a significant increase in the mining of higher copper and gold grade ore from Pampacancha.

Recoveries of copper, gold and silver during the fourth quarter of 2023 were 3%, 11% and 17% higher, respectively, than the comparative 2022 period and were in line with our metallurgical models. The Constancia mill achieved record copper recoveries of 87.4% in the fourth quarter, primarily as a result of the successful completion of the recovery improvement program in the second quarter of 2023, as planned ahead of the start of significantly higher grades being mined from the Pampacancha pit in the second half of 2023.

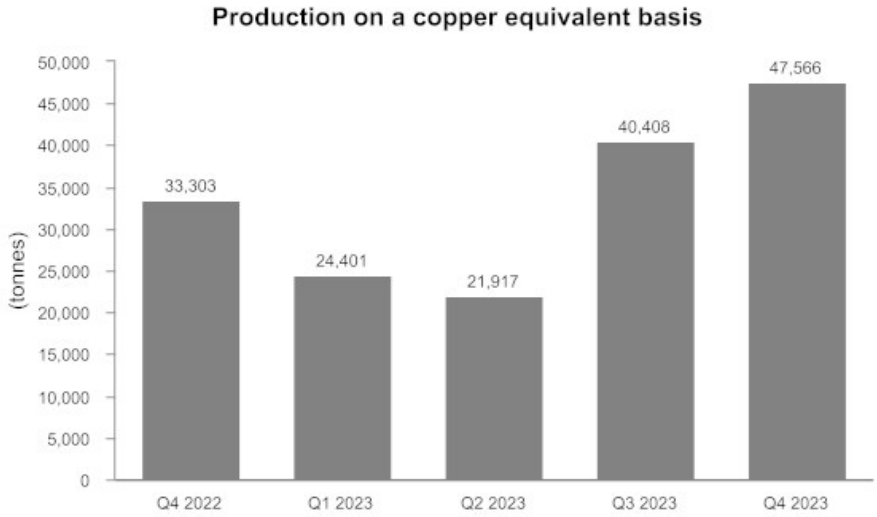
Ore mined during 2023 was 30% lower than 2022 due to the same factors as the quarterly variance as well as increased stockpile processing early in 2023 to ration fuel during the protests and civil unrest experienced in Peru. Copper recoveries during the year ended December 31, 2023 were 1% lower than the same period in 2022 due to higher levels of contaminants in processed stockpile ore during in the first half of 2023. Gold and silver recoveries during the year ended December 31, 2023 were 13% and 7% higher, respectively, than in 2022 due to increased processing of higher grade Pampacancha ore.

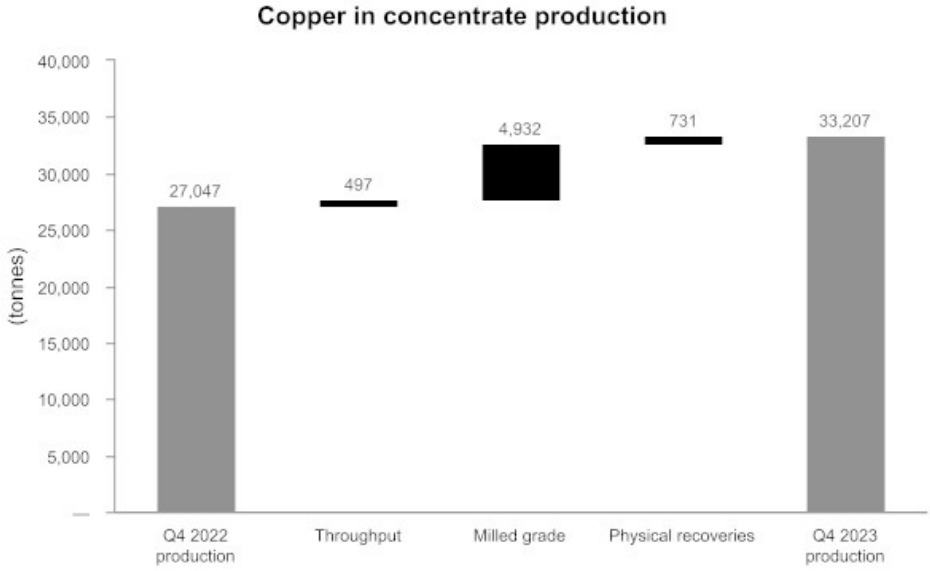
Combined mine, mill and G&A unit operating costs in the fourth quarter and full year 2023 were 10% and 2% lower, respectively, than the same periods in 2022 primarily due to higher capitalized stripping, partially offset by higher mining and G&A costs and the costs associated with the scheduled semi-annual plant maintenance shutdown in the fourth quarter.

		Three months ended		Year ended		Guidance	
		Dec. 31,	Dec. 31,	**Dec. 31,**	Dec. 31,	Annual	
Contained metal in concentrate produced		**2023**	2022	**2023**	2022	2023	2024
Copper	*tonnes*	**33,207**	27,047	**100,487**	89,395	91,000 - 116,000	98,000 - 120,000
Gold	*oz*	**49,418**	20,860	**114,218**	58,229	83,000 - 108,000	76,000 - 93,000
Silver	*oz*	**836,208**	655,257	**2,505,229**	2,309,352	2,210,000 - 2,650,000	2,500,000 - 3,000,000
Molybdenum	*tonnes*	**397**	344	**1,566**	1,377	1,300 - 1,600	1,250 - 1,500

Fourth quarter 2023 production of copper, gold and silver was 23%, 137% and 28% higher, respectively, than the comparative period in 2022 due to higher copper and precious metal grades, higher recoveries and higher throughput. Production of molybdenum in the fourth quarter of 2023 was 15% higher than the comparative prior year period due to higher ore grades and higher molybdenum plant throughput.

Full year 2023 production of copper, gold, silver and molybdenum was 12%, 96%, 8% and 14% higher, respectively, than 2022 for the same reasons outlined above in the quarterly variance analysis. Copper production was in line with our annual guidance range, whereas silver and molybdenum production were near the upper end of our annual guidance range and gold production exceeded the top end of our annual guidance range by 6%.


Production on a copper equivalent basis
(tonnes)
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
33,303
24,401
21,917
40,408
47,566
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023


Copper in concentrate production
(tonnes)
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
27,047
497
4,932
731
33,207
Q4 2022 production
Throughput
Milled grade
Physical recoveries
Q4 2023 production

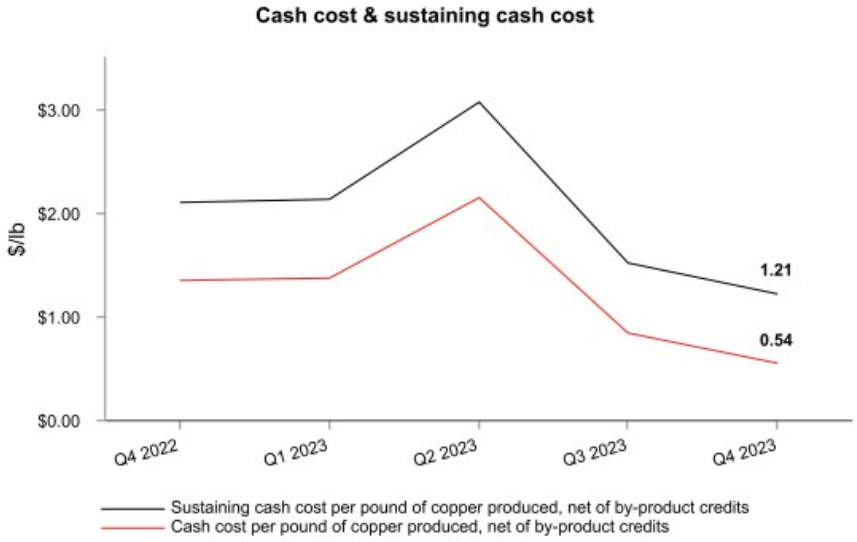
Peru Cash Cost and Sustaining Cash Cost

		Three months ended		Year ended		Guidance	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022	Annual 2023	Annual 2024
Cash cost per pound of copper produced, net of by-product credits[1]	*$/lb*	**0.54**	1.34	**1.07**	1.58	1.05 - 1.30	1.25 - 1.60
Sustaining cash cost per pound of copper produced, net of by-product credits[1]	*$/lb*	**1.21**	2.09	**1.81**	2.35		

[1] Cash cost and sustaining cash costs per pound of copper produced, net of by-product credits, are not recognized under IFRS. For more detail on these non-IFRS financial performance measures, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

Cash cost per pound of copper produced, net of by-product credits, in the fourth quarter of 2023 was $0.54, a decrease of 60% compared to the same period in 2022 due to higher by-product credits mainly from gold, higher capitalized stripping, and increased copper produced. This was partially offset by higher profit sharing expenses and higher treatment, refining and freight costs. Cash cost per pound of copper produced, net of by-product credits, in 2023 was $1.07, and achieved the lower end of our 2023 cost guidance range due to the same factors noted above for the quarter.

Sustaining cash cost per pound of copper produced, net of by-product credits, for the fourth quarter and for the year ended 2023 were 42% and 23% lower, respectively, than the comparative 2022 periods primarily due to the same factors affecting cash cost noted above and lower sustaining capital expenditures. Total annual sustaining capital expenditures in Peru were $27.9 million lower than the original guidance levels of $160 million, exceeding the $10 million previously reduced target, primarily a result of lower capitalized stripping costs.



Metal Sold

		Three months ended		Year ended	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Payable metal in concentrate					
Copper	*tonnes*	**31,200**	23,789	**96,213**	79,805
Gold	*oz*	**38,114**	15,116	**97,176**	49,968
Silver	*oz*	**703,679**	411,129	**2,227,419**	2,045,678
Molybdenum	*tonnes*	**468**	421	**1,462**	1,352

Payable copper, gold and silver sales during the fourth quarter of 2023 were 31%, 152% and 71% higher, respectively, than the corresponding period in 2022 primarily due to higher grades from Pampacancha. Gold and silver sales did not increase in line with fourth quarter production due to a precious metal stream sale that was recognized in revenue shortly after the fourth quarter cutoff date. Payable gold and silver included in this sale was approximately 16 thousand ounces of gold and 309 thousand ounces of silver.

MANITOBA OPERATIONS REVIEW

		Three months ended		Year ended	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Lalor ore mined	*tonnes*	**372,384**	369,453	**1,526,729**	1,516,203
Gold	*g/tonne*	**5.92**	4.00	**4.74**	4.00
Copper	*%*	**1.04**	0.73	**0.86**	0.73
Zinc	*%*	**2.20**	2.17	**3.00**	3.14
Silver	*g/tonne*	**28.92**	19.37	**24.51**	21.96
New Britannia ore milled	*tonnes*	**165,038**	141,142	**596,912**	542,269
Gold	*g/tonne*	**8.03**	6.11	**6.76**	6.28
Copper	*%*	**1.46**	0.91	**1.03**	0.81
Zinc	*%*	**0.85**	0.67	**0.84**	0.80
Silver	*g/tonne*	**27.97**	22.09	**25.11**	20.97
Copper concentrate	*tonnes*	**15,179**	7,895	**37,176**	27,917
Concentrate grade	*% Cu*	**14.55**	14.5	**15.44**	14.18
Copper recovery - concentrate	*%*	**91.6**	89.3	**93.3**	90.7
Gold recovery - concentrate	*%*	**58.1**	56.6	**60.0**	60.3
Silver recovery - concentrate	*%*	**61.0**	55.4	**60.7**	60.6
Contained metal in concentrate produced					
Gold	*oz*	**24,760**	15,691	**77,798**	65,945
Copper	*tonnes*	**2,208**	1,145	**5,739**	3,960
Silver	*oz*	**90,501**	55,572	**292,694**	221,438
Metal in doré produced[2]					
Gold	*oz*	**14,144**	7,099	**40,239**	28,707
Silver	*oz*	**34,895**	12,659	**97,630**	52,834
Stall ore milled	*tonnes*	**228,799**	204,350	**965,567**	968,638
Gold	*g/tonne*	**4.22**	2.50	**3.45**	2.86
Copper	*%*	**0.73**	0.61	**0.74**	0.71
Zinc	*%*	**3.20**	3.43	**4.36**	4.70
Silver	*g/tonne*	**28.63**	19.24	**24.19**	22.81
Copper concentrate	*tonnes*	**7,938**	6,306	**31,900**	30,359
Concentrate grade	*% Cu*	**19.23**	17.64	**20.11**	19.82
Zinc concentrate	*tonnes*	**11,778**	12,706	**66,824**	77,806
Concentrate grade	*% Zn*	**48.79**	49.79	**51.84**	50.63
Copper recovery	*%*	**92.0**	89.0	**90.4**	87.2
Zinc recovery	*%*	**78.5**	90.1	**82.2**	86.6
Gold recovery	*%*	**67.5**	62.4	**64.8**	58.0
Silver recovery	*%*	**61.8**	56.6	**61.4**	56.8
Contained metal in concentrate produced					
Gold	*oz*	**20,959**	10,270	**69,326**	51,581
Copper	*tonnes*	**1,527**	1,113	**6,415**	6,017
Zinc	*tonnes*	**5,747**	6,326	**34,642**	39,395
Silver	*oz*	**130,183**	71,527	**461,399**	403,707

[1] The 777 mine and Flin Flon concentrator information is not disclosed in the table above. The relevant comparative information can be found on page 84 in the Summary of Historical Results section in this MD&A.

[2] Doré includes sludge, slag and carbon fines in three and twelve months ended December 31, 2023.

Unit Operating Costs[1]		Three months ended		Year ended	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022[4]
Lalor	*C$/tonne*	**147.10**	140.10	**142.35**	136.71
New Britannia	*C$/tonne*	**75.36**	88.10	**82.91**	90.55
Stall	*C$/tonne*	**36.97**	38.04	**35.82**	33.78
Combined mine/mill unit operating costs[2,3]					
Manitoba	*C$/tonne*	**216**	241	**217**	195 [5]

[1] Reflects costs per tonne of ore mined/milled.

[2] Reflects combined mine, mill and G&A costs per tonne of milled ore.

[3] Combined unit costs is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[4] The Flin Flon concentrator was decommissioned in Q3 2022. The relevant comparative information can be found o n page 84 in the Summary of Historical Results in this MD&A.

[5] Combined mine/mill unit operating costs shown for year-to-date 2022 included the Flin Flon operations and are not directly comparable to the current costs with only Snow Lake operations.

In Manitoba, we continue to focus on improvement initiatives aimed at supporting higher production levels, minimizing dilution, and enhancing metal recoveries at our Snow Lake operations. A significant focus continues to be placed on improving the quality of ore production at Lalor mine, employing techniques such as stope redesigns, grade control practices prior to blasting, assaying blasthole cuttings and implementing mine design adjustments to mitigate dilution. These proactive measures have successfully reduced the inclusion of waste rock in the mining cycle and increased gold, copper, and silver grades during the fourth quarter.

Optimization of development drift size has led to a 15% reduction in waste volume and an 18% decrease in unit development costs in 2023 compared to 2022. Higher shaft availability has led to efficient ore hoisting and has eliminated the need for trucking ore to surface resulting in a 5% increase in tonnes hoisted in 2023 compared to 2022. Despite encountering some production challenges in deeper mining areas due to longer haul distances, smaller stope dimensions, and lower ore bulk density, our team is actively pursuing initiatives to continue to bolster efficiency and further enhance mucking productivity.

Additionally, we have advanced optimization initiatives at New Britannia mill to achieve higher throughput rates by prioritizing process improvements and seamlessly integrating additional gold ore feed from the Lalor mine. This reallocation of ore has led to reduced feed to Stall mill, prompting a careful evaluation of lower tonnage set points to optimize plant operations. We have also started exploring opportunities to share maintenance services with New Britannia during shutdown periods which, if successful, would reduce overall contractor requirements.

At Lalor, we achieved higher development advance rates during the fourth quarter compared to prior quarters of 2023. A comprehensive review of the long-range mine plan for zone 40 has led to significantly reduced future capital development needs by transitioning to a more selective mining method, thereby enhancing the reserve grade for this mining front.

Lalor ore mined during the fourth quarter, increased by 1% from the comparative 2022 period. Notably, copper, gold, silver and zinc grades mined during the fourth quarter of 2023 were 42%, 48%, 49% and 1% higher than the same period in 2022.

Total ore mined at our Manitoba operations in 2023 was 24% lower than in 2022 mainly due to the planned closure of the 777 mine in June 2022. However, total ore mined at Lalor in 2023 was 1% higher than in 2022. Gold, copper and silver grades mined at Lalor during 2023 were 19%, 18% and 12% higher than in 2022, reflecting the successful execution of our strategic mine plan. Zinc grades mined at Lalor for the full year 2023 were 4% lower compared to the same period in 2022, consistent with the mine plan. Total mine unit operating costs during the fourth quarter of 2023 increased by 5% compared to the same period in 2022, primarily attributed to a lower capital development allocation.

The Stall mill processed 12% more ore in the fourth quarter of 2023 than the corresponding period of 2022 as it drew down base metal ore stockpiles. After the commissioning of the Stall mill recovery improvement project in the second quarter of 2023, we have continued to focus on optimizing circuits to achieve targeted recoveries by reducing primary grind size, refining the flotation circuit balance and mass pull, and reagent selection. These adjustments have proven highly effective, resulting in notably higher recoveries for copper, gold and silver during the fourth quarter of 2023 compared to the same period in 2022. Specifically, the Stall mill achieved its targeted gold recovery levels of approximately 67.5% in the fourth quarter, compared to 62.4% in the fourth quarter of 2022. Compared to the same period in 2022, unit operating costs at the Stall mill were 3% lower during the fourth quarter of 2023 primarily due to higher throughput.

Process improvement initiatives at New Britannia have successfully been implemented with minimal capital outlays, enabling us to reach progressively higher production targets during the fourth quarter. The New Britannia mill averaged approximately 1,800 tonnes per day in the fourth quarter, approximately 13% above average levels in the third quarter of 2023. New Britannia unit operating costs decreased by 14% during the fourth quarter of 2023 versus the same period of 2022, primarily due to higher throughput.

Combined mine, mill and G&A unit operating costs in the fourth quarter of 2023 decreased by 11%, compared to the same period in 2022 reflecting higher throughput and a reduction of contractor usage at Lalor. Combined mine, mill and G&A unit operating costs for the full year 2023 were C$217 per tonne reflecting the standalone cost structure of the Snow Lake operations in 2023 after the closure of the Flin Flon operations in June 2022.

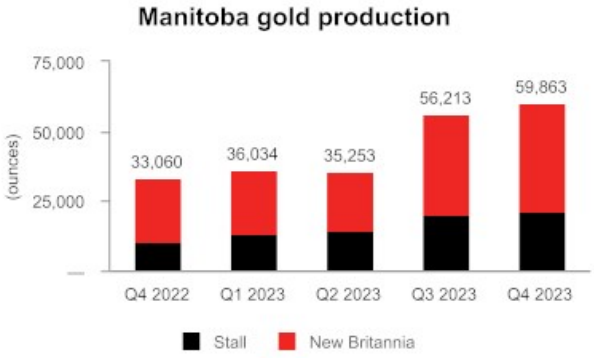
Contained metal in concentrate and doré produced[1]		Three months ended		Year ended		Guidance	
						Annual	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022	2023	2024
Gold[2]	*oz*	**59,863**	33,060	**187,363**	161,471	175,000 - 205,000	170,000 - 200,000
Copper	*tonnes*	**3,735**	2,258	**12,154**	14,778	9,000 - 12,000	9,000 - 12,000
Zinc	*tonnes*	**5,747**	6,326	**34,642**	55,381	28,000 - 36,000	27,000 - 35,000
Silver[3]	*oz*	**255,579**	139,758	**851,723**	851,942	750,000 - 1,000,000	750,000 - 1,000,000

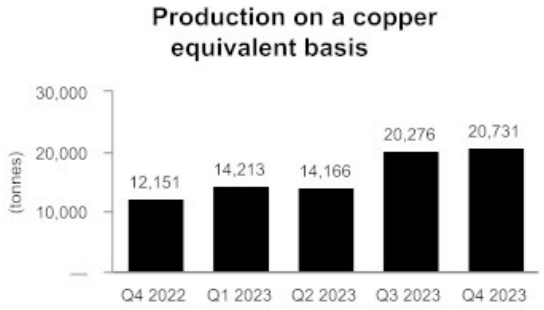
[1] Metal reported in concentrate is prior to deductions associated with smelter terms.

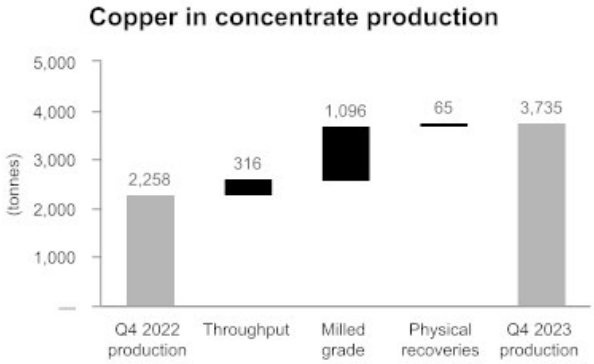
[2] Gold production guidance includes gold contained in concentrate produced and gold in doré.

[3] Silver production guidance includes silver contained in concentrate produced and silver in doré.

Manitoba operations produced a record 59,863 ounces of gold during the fourth quarter of 2023. Production of gold, copper, and silver in the fourth quarter of 2023 was higher by 81%, 65%, and 83%, respectively, while production of zinc was 9% lower than the comparative 2022 period due to mining of higher grade gold zones with a focus on higher quality ore production and generally higher recoveries at the New Britannia and Stall mills. Despite significantly higher metal production in the fourth quarter, 2023 production of copper and zinc was lower by 18% and 37%, respectively, than in 2022, mainly due to the loss of production from the closure of the 777 mine in June 2022 and lower comparative zinc grades. Production of gold in 2023 was 16% higher than in 2022 while silver production was unchanged year-over-year. The production of all metals achieved our 2023 production guidance, while copper exceeded the top end of our 2023 annual guidance range.


Manitoba gold production
75,000
50,000
25,000
(ounces)
33,060
36,034
35,253
56,213
59,863
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Stall
New Britannia


Production on a copper equivalent basis
30,000
20,000
10,000
(tonnes)
12,151
14,213
14,166
20,276
20,731
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023


Copper in concentrate production
5,000
4,000
3,000
2,000
1,000
(tonnes)
2,258
316
1,096
65
3,735
Q4 2022 production
Throughput
Milled grade
Physical recoveries
Q4 2023 production

Manitoba Cash Cost and Sustaining Cash Cost

		Three months ended		Year ended		Guidance	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022	Annual 2023	2024
Cost per pound of gold produced							
Cash cost per ounce of gold produced, net of by-product credits [1]	*$/oz*	**434**	922	**727**	297	500 - 800	700 - 900
Sustaining cash cost per ounce of gold produced, net of by-product credits [1]	*$/oz*	**788**	1,795	**1,077**	1,091		

[1] Cash cost and sustaining cash cost per ounce of gold produced, net of by-product credits, are not recognized under IFRS. For more detail on this non-IFRS financial performance measure, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

Cash cost per ounce of gold produced, net of by-product credits, has trended lower throughout 2023, averaging $434 in the fourth quarter. Cash costs were lower in the fourth quarter than the comparative 2022 period, primarily due to higher by-product credits and higher gold production, in accordance with the mine plan, offset by higher overall costs. Full year 2023 cash cost per ounce of gold produced, net of by-product credits, was $727 which was higher than 2022 costs primarily due to significantly lower by-product credits partially offset by lower overall costs due to the closure of the 777 mine in June 2022 and higher gold production. Our full year 2023 cash cost per ounce of gold produced, net of by-product credits, was within our annual guidance range.

Sustaining cash cost per ounce of gold produced, net of by-product credits, for the fourth quarter of 2023 was $788, a decrease of 56% from the comparative 2022 period primarily due to the same factors affecting cash cost noted above, and lower sustaining capital expenditures. Sustaining cash cost per ounce of gold produced, net of by-product credits, in 2023 was $1,077, a decrease of 1% from 2022, primarily due to the same factors affecting fourth quarter sustaining cash cost noted above.

Metal Sold

		Three months ended		Year ended	
		Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Payable metal in concentrate and doré					
Gold	*oz*	**63,635**	32,140	**171,297**	163,447
Copper	*tonnes*	**3,687**	1,626	**10,708**	14,668
Zinc [1]	*tonnes*	**7,385**	8,230	**28,779**	59,043
Silver	*oz*	**246,757**	148,177	**728,304**	932,807

[1] Includes refined zinc metal and payable zinc in concentrate sold.

Due to significantly higher metal production during the quarter, as noted above, quantities of payable metal sold in the fourth quarter of 2023 were significantly higher than the comparable period in 2022. Payable metal sold in 2023 was generally lower than the comparable period in 2022 primarily due to the closure of the 777 mine in June 2022.

BRITISH COLUMBIA OPERATIONS REVIEW

		Three months ended[6]	Since acquisition to[5, 6]
		Dec. 31, 2023	**Dec. 31, 2023**
Ore mined[1]	*tonnes*	**2,627,398**	**6,975,389**
Waste mined	*tonnes*	**14,032,093**	**26,634,805**
Strip ratio[2]		**5.34**	**3.82**
Ore milled	*tonnes*	**3,261,891**	**6,862,152**
Copper	*%*	**0.33**	**0.35**
Gold	*g/tonne*	**0.06**	**0.07**
Silver	*g/tonne*	**1.36**	**1.36**
Copper concentrate	*tonnes*	**38,056**	**82,685**
Concentrate grade	*% Cu*	**22.4**	**23.1**
Copper recovery	*%*	**78.8**	**79.7**
Gold recovery	*%*	**54.1**	**55.9**
Silver recovery	*%*	**73.8**	**73.0**
Combined unit operating costs[3,4]	*C$/tonne*	**20.90**	**21.38**

[1] Reported tonnes and grade for ore mined are estimates based on mine plan assumptions and may not reconcile fully to ore milled.

[2] Strip ratio is calculated as waste mined divided by ore mined.

[3] Reflects combined mine, mill and general and administrative ("G&A") costs per tonne of ore milled. Reflects the deduction of expected capitalized stripping costs.

[4] Combined unit costs is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[5] Includes results from the date of acquisition, June 20, 2023.

[6] Copper Mountain mine results are stated at 100%. Hudbay owns 75% of Copper Mountain mine.

During the fourth quarter of 2023, the British Columbia operations produced 9,119 tonnes of copper, 3,091 ounces of gold and 98,441 ounces of silver. Hudbay achieved the post-acquisition 2023 production guidance for copper and gold and exceeded the post-acquisition guidance for silver.

Total ore mined at Copper Mountain in the fourth quarter of 2023 was 2.6 million tonnes, less than initially planned but production was supplemented with stockpile rehandle of 1.5 million tonnes. The mine operations team has initiated a fleet production ramp up plan to capture the full value of idle capital equipment at the Copper Mountain site. This plan entailed remobilization of the mining fleet from 14 trucks to 28 trucks by the end of 2023, allowing for increased waste removal during the fourth quarter. We continue to focus on hiring additional haul truck drivers and a fully trained complement of truck drivers are expected to be in place in the first half of 2024. The utilization of our full truck fleet enabled additional 2023 pre-stripping to access higher head grades.

Benefitting from stabilization initiatives within the comminution circuit, the mill processed 3.3 million tonnes of ore during the fourth quarter reflecting average mill availability of 86.7% and a 3% increase versus the third quarter of 2023. The initiatives included, but were not limited to, changes in screen sizes, a reduction in grinding media loading rates and a change in semi-autogenous grinding (SAG) mill operational strategy. The SAG mill throughput in the fourth quarter has been impacted by lower freshwater availability for processing, higher coarse feed from stockpiled ore and reduced reliability of the crushing circuit, driven principally by significant interruptions caused by the removal of scrap metal from the material handling system as the mining progresses through areas of historical underground workings.

Maintenance practices to improve mill availability continue to be a key pillar of our stabilization initiatives. These include the implementation of improved maintenance management processes planned for the first half of 2024 and a change in our maintenance organizational structure which was completed in the fourth quarter of 2023. Beyond maintenance practices, material handling and transportation in the comminution circuit, particularly in the winter months, have a significant impact on mill performance. Work has begun to analyze the trade-off among the various alternatives to further enhance mill performance.

Milled copper grades during the fourth quarter of 2023 averaged 0.33%, an 8% reduction from the third quarter, but were significantly higher than the reserve grade of 0.25%. Copper recoveries of 78.8% were lower than the third quarter of 2023 due to volumetric restriction in the regrind circuit limiting the rougher circuit performance. Following a period of investigation, changes to the flotation operational strategy that mirror our successful processes at Constancia were implemented, including reagent selection and dose modification, reactivation and reprogramming of expert controls and circuit configuration changes. The benefits of these operational strategy improvements are expected to start to be realized in the second half of 2024.

Combined mine, mill and G&A unit operating costs in the fourth quarter of 2023 were C$20.90 per tonne milled, 16% below the third quarter. Combined unit operating costs are expected to decrease over time as we continue to implement our stabilization and optimization initiatives at Copper Mountain.

		Three months ended[3]	Since acquisition to[1, 3]	Guidance	
Contained metal in concentrate produced		**Dec. 31, 2023**	**Dec. 31, 2023**	2023[2]	2024
Copper	*tonnes*	**8,508**	**19,050**	18,500 - 20,500	30,000 - 44,000
Gold	*oz*	**3,495**	**8,848**	8,000 - 10,000	17,000 - 26,000
Silver	*oz*	**105,295**	**218,282**	190,000 - 210,000	300,000 - 455,000

[1] Includes results from the date of acquisition, June 20, 2023.

[2] British Columbia guidance is from acquisition date, June 20, 2023, to the end of the fiscal year.

[3] Copper Mountain mine results are stated at 100%. Hudbay owns 75% of Copper Mountain mine.

Fourth quarter 2023 production of copper, gold and silver was 8,508 tonnes, 3,495 ounces and 105,295 ounces, respectively. We have achieved our post-acquisition 2023 production guidance for copper and gold and exceeded our post-acquisition guidance for silver.

British Columbia Cash Cost and Sustaining Cash Cost

		Three months ended	Since acquisition to[2]	Guidance	
		Dec. 31, 2023	**Dec. 31, 2023**	2023[3]	2024
Cash cost per pound of copper produced, net of by-product credits[1]	*$/lb*	**2.67**	**2.50**	2.40 - 2.85	2.00 - 2.50
Sustaining cash cost per pound of copper produced, net of by-product credits[1]	*$/lb*	**3.93**	**3.41**		

[1] Cash cost and sustaining cash costs per pound of copper produced, net of by-product credits, are not recognized under IFRS. For more detail on these non-IFRS financial performance measures, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] Includes results from the date of acquisition, June 20, 2023.

[3] British Columbia guidance is from acquisition date, June 20, 2023, to the end of the fiscal year.

Cash cost and sustaining cash cost per pound of copper produced, net of by-product credits, in the fourth quarter of 2023 were $2.67 and $3.93, respectively. Cash costs were within the post-acquisition guidance range.

Metal Sold

		Three months ended **Dec. 31, 2023**	Since acquisition to[1] **Dec. 31, 2023**
Payable metal in concentrate			
Copper	*tonnes*	**9,119**	**18,075**
Gold	*oz*	**3,091**	**8,420**
Silver	*oz*	**98,441**	**189,443**

[1] Includes results from the date of acquisition, June 20, 2023. The first concentrate shipment since the acquisition date was in July 2023 with no sales occurring in the 10-day stub period during the second quarter of 2023.

Quantities of payable metal sold for the three months and the period since acquisition ending December 31, 2023 were generally in line with contained metal production during the quarter.

OUTLOOK

This outlook includes forward-looking information about our operations and financial expectations based on our expectations and outlook as of February 22, 2024.

This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. For additional information on forward-looking information, refer to the "Forward-Looking Information" section of this MD&A. We may update our outlook depending on changes in metals prices and other factors, as per our "Commodity Markets" and "Sensitivity Analysis" discussions below. In addition to this section, refer to the "Operations Review", "Financial Review" and "Liquidity and Capital Resources" sections for additional details on our outlook for 2024.

Material Assumptions

Our annual production and operating cost guidance, along with our annual capital and exploration expenditure forecasts are discussed in detail below.

Production Guidance

Contained Metal in Concentrate and Doré[1]		2024 Guidance	Year ended Dec. 31, 2023	2023 Guidance
Peru				
Copper	*tonnes*	98,000 - 120,000	100,487	91,000 - 116,000
Gold	*oz*	76,000 - 93,000	114,218	83,000 - 108,000
Silver	*oz*	2,500,000 - 3,000,000	2,505,229	2,210,000 - 2,650,000
Molybdenum	*tonnes*	1,250 - 1,500	1,566	1,300 - 1,600
Manitoba				
Gold	*oz*	170,000 - 200,000	187,363	175,000 - 205,000
Zinc	*tonnes*	27,000 - 35,000	34,642	28,000 - 36,000
Copper	*tonnes*	9,000 - 12,000	12,154	9,000 - 12,000
Silver	*oz*	750,000 - 1,000,000	851,723	750,000 - 1,000,000
British Columbia				
Copper	*tonnes*	30,000 - 44,000	19,050	18,500 - 20,500
Gold	*oz*	17,000 - 26,000	8,848	8,000 - 10,000
Silver	*oz*	300,000 - 455,000	218,282	190,000 - 210,000
Total				
Copper	*tonnes*	137,000 - 176,000	131,691	118,500 - 148,500
Gold	*oz*	263,000 - 319,000	310,429	266,000 - 323,000
Zinc	*tonnes*	27,000 - 35,000	34,642	28,000 - 36,000
Silver	*oz*	3,550,000 - 4,455,000	3,575,234	3,150,000 - 3,860,000
Molybdenum	*tonnes*	1,250 - 1,500	1,566	1,300 - 1,600

[1] Metal reported in concentrate and doré is prior to refining losses or deductions associated with smelter terms.

On a consolidated basis, we successfully achieved 2023 production guidance for all metals. On a business unit stand-alone basis, Peru exceeded the top end of the gold production guidance range, Manitoba exceeded the top end of the copper production guidance range, while British Columbia exceeded the top end of the silver production guidance range for the portion of 2023 since the acquisition of the Copper Mountain mine.

In 2024, consolidated copper production is forecast to increase to 156,500 tonnes [1], an increase of approximately 19% compared to 2023 actual production levels. This growth is a result of continued higher grade ore from Pampacancha in Peru and continued higher recoveries in both Peru and Manitoba, as well as the contribution from a full year of production at the Copper Mountain mine. Consolidated gold production in 2024 is expected to slightly decline to 291,000 ounces[1], due to a smoothing of Pampacancha high grade gold zones over the 2023 to 2025 period, as described further below.

2024 copper production in Peru is expected to increase by 8% from 2023 levels to 109,000 tonnes [1]. Mill ore feed throughout 2024 is expected to revert back to the typical one-third from Pampacancha and two-thirds from Constancia, unlike 2023 when a majority of the ore feed was from Pampacancha in the second half of the year Gold production is expected to be 84,500 ounces[1], lower than 2023 levels due to smoothing of Pampacancha high grade gold zones over the 2023 to 2025 period as additional high grade areas were being mined in 2023 ahead of schedule than were planned, resulting in gold production exceeding 2023 guidance levels, and other high grade areas were deferred to 2025. The gold production in Peru over the 2023 to 2025 period is expected to be higher than previous guidance levels.The Pampacancha deposit is now expected to be depleted in the third quarter of 2025, as opposed to mid-2025 previously. Peru's 2024 production guidance reflects periods of higher stripping activities in the Pampacancha pit in the second and third quarters, as well as regularly scheduled semi-annual mill maintenance shutdowns at Constancia during the second and fourth quarters of 2024.

In Manitoba, 2024 gold production is anticipated to be 185,000 ounces [1], consistent with 2023 production, as we expect the high gold grades and recoveries to continue into 2024. The production guidance anticipates Lalor operating at 4,500 tonnes per day and an increase in New Britannia mill throughput to 1,800 tonnes per day given the mill has been consistently operating above its 1,500 tonnes per day nameplate capacity. Zinc production for 2024 is expected to be 31,000 tonnes[1], a 10% year-over-year decline, as certain high grade zinc areas were shifted to 2023 and the Lalor mine continues to prioritize higher gold and copper grade zones in 2024. Manitoba's production guidance reflects a scheduled maintenance period at the Lalor mine during the third quarter of 2024.

In British Columbia, 2024 copper production is expected to be 37,000 tonnes [1], in line with the technical report for Copper Mountain issued in December 2023.

We will release updated three-year production outlook together with its annual mineral reserve and resource update in March 2024.

Cash Cost Guidance

Copper remains the primary revenue contributor on a consolidated basis, and therefore, consolidated cost guidance has been presented as cash cost per pound of copper produced. We have also provided cash cost guidance for each of our operations based on their respective primary metal contributors.

Cash cost [1]		2024 Guidance	Year ended Dec. 31, 2023	2023 Guidance
Peru cash cost per pound of copper [2]	*$/lb*	**1.25 - 1.60**	1.07	1.05 - 1.30
Manitoba cash cost per ounce of gold [3]	*$/oz*	**700 - 900**	727	500 - 800
British Columbia cash cost per pound of copper [4]	*$/lb*	**2.00 - 2.50**	2.50	2.40 - 2.85
Consolidated cash cost per pound of copper [2]	*$/lb*	**1.05 - 1.25**	0.80	0.80 - 1.10
Consolidated sustaining cash cost per pound of copper [2]	*$/lb*	**2.00 - 2.45**	1.72	1.80 - 2.25

[1] Cash cost and sustaining cash cost, net of by-product credits, per pound of copper produced and cash costs, net of by-product credits, per ounce of gold produced is a non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] Peru cash cost, net of by-product credits, per pound of copper contained in concentrate and by-product credits are calculated using the gold and silver deferred revenue drawdown rates for the streamed ounces in Peru in effect on December 31, 2023 and the following commodity prices: $1,900 per ounce gold, $23.00 per ounce silver and $18.00 per pound molybdenum, and $1.15 per pound zinc.

[3] Manitoba cash cost, net of by-product credits, per ounce of gold contained in concentrate and doré and by-product credits are calculated using the following commodity prices: $3.75 per pound copper, $23.00 per ounce silver, $1.15 per pound zinc and an exchange rate of 1.35 C$/US$.

[4] British Columbia cash cost, net of by-product credits, per pound of copper contained in concentrate and by-product credits are calculated using the following commodity prices: $1,900 per ounce gold, $23.00 per ounce silver and an exchange rate of 1.35 C$/US$.

Copper cash cost in Peru is expected to increase to $1.25 to $1.60 per pound in 2024 versus 2023 primarily due to lower by-product credits and higher mining costs associated with lower capitalized stripping, partially offset by higher copper production.

Gold cash cost in Manitoba is expected to increase by 10% [2] in 2024 compared to 2023 as a result of lower zinc and copper by-product credits and higher mining costs associated with less capitalized development costs.

Copper cash cost in British Columbia is expected to decrease by 10% in 2024 [2] compared to 2023 and is expected to be significantly lower than the $2.69 per pound cash cost contemplated in the December 2023 technical report due to a reclassification of a portion of mining costs from operating expenses to capitalized costs. This is a result of a change from contractor mining to owner-operating mining as a more cost-effective approach for the additional required stripping, and the elimination of mining low-grade ore to stockpile in 2024 which increases the strip ratio and allocation of mining costs to capitalized stripping. In addition, the 2024 costs reflect a decrease in the discretionary tonnes moved with total material moved in 2024 now expected to be 97 million tonnes compared to 104 million tonnes in the technical report.

Consolidated copper cash cost and consolidated sustaining cash cost in 2024 are both expected to be higher than 2023 results due to lower by-product credits and a full year of contributions from British Columbia.

Capital Expenditure Guidance

Capital Expenditures[1] *(in $ millions)*	**2024 Guidance**[5,6]	**Year ended Dec. 31, 2023**	**2023 Revised Guidance**[7]	**2023 Guidance**[5]
Sustaining capital [2]				
Peru [3]	130.0	132.1	150.0	160.0
Manitoba	55.0	55.8	60.0	75.0
British Columbia - sustaining capital	35.0	30.2	33.0	-
British Columbia - capitalized stripping [3]	70.0			
Total sustaining capital	**290.0**	**218.1**	**243.0**	**235.0**
Growth capital				
Peru	2.0	12.1	10.0	10.0
Manitoba[4]	10.0	13.5	15.0	15.0
British Columbia	5.0	1.2	2.0	
Arizona	20.0	21.3	25.0	30.0
Total growth capital	**37.0**	**48.1**	**52.0**	**55.0**
Capitalized exploration[5]	8.0	7.8	10.0	10.0
Total	**335.0**	**274.0**	**305.0**	**300.0**

[1] Excludes capitalized costs not considered to be sustaining or growth capital expenditures.

[2] Sustaining capital guidance excludes right-of-use lease additions and additions as a result of equipment financing arrangements.

[3] Includes capitalized stripping and development costs.

[4] Partially funded by approximately $3 million in Canadian Development Expense flow-through financing proceeds.

[5] 2023 and 2024 capital expenditure guidance excludes right-of-use lease additions and additions as a result of equipment financing arrangements.

[6] Capital expenditures are converted into U.S. dollars using an exchange rate of 1.35 C$/US$.

[7] Capital expenditure guidance reflects revised guidance issued with third quarter results, including lower anticipated capital spend in Manitoba and Peru, and new British Columbia guidance.

2023 total capital expenditures, excluding British Columbia, were $57 million, lower than original guidance expectations as a result of the discretionary capital reductions across the business. British Columbia capital expenditures were in line with 2023 guidance levels.

Total capital expenditures are expected to be $335 million for 2024. We expect to continue to reduce discretionary spending with year-over-year capital reductions in Peru and Manitoba, while spending in British Columbia will be focused on stabilization initiatives and accelerated stripping activities. Discretionary growth spending and capitalized exploration are expected to remain at low levels in 2024 and reflect a 20% decrease from 2023.

Peru's sustaining capital expenditures in 2024 are expected to decrease to $130 million primarily as a result of lower capitalized stripping. Peru's growth capital spending of $2 million in 2024 relates to continued mill recovery improvements in the molybdenum and copper circuits.

Manitoba's sustaining capital expenditures in 2024 are expected to be consistent with the lower 2023 spending, primarily due to a continued focus on streamlining costs and less mine capital development with increased post pillar mining. Manitoba's growth capital spending of $10 million in 2024 relates to the advancement of a development and exploration drift at the 1901 deposit to confirm the optimal mining method for the base metal and gold lenses and converting the inferred mineral resources in the gold lenses to mineral reserves. The 1901 growth expenditures will be partially funded by $3 million in proceeds from a Canadian Development Expense flow-through financing in December 2023.

Manitoba spending guidance excludes approximately $15 million of annual care and maintenance costs related to the Flin Flon facilities in 2024, which are expected to be recorded as other operating expenses. The 2024 Flin Flon care and maintenance costs are 25% lower than prior annual costs as a result of several cost efficiencies achieved and identified to-date.

In British Columbia, sustaining capital expenditures in 2024 are expected to be $35 million for equipment and building capital. In addition, we expect to spend approximately $70 million for capitalized stripping costs in 2024 as it executes an accelerated stripping campaign as part of our stabilization plan. The 2024 sustaining capital costs include a reclassification of mining costs from operating expenses to capitalized costs when compared to the December 2023 Copper Mountain technical report. This is a result of a change from contractor mining to owner-operating mining as a more cost-effective approach for the additional required stripping, as well as the elimination of mining low-grade ore to stockpile in 2024 which increases the strip ratio and allocation of mining costs to capitalized stripping despite lowering the overall tonnes moved. This change lowers the cost per tonne moved and in turn the expected cash costs for British Columbia in 2024, as noted above, but the total aggregate operating and capital costs for 2024 are expected to be in line with the December 2023 technical report.

Arizona growth capital spending of $20 million includes annual carrying and permitting costs for the Copper World and Mason projects for 2024.

Exploration Guidance

(in $ millions)	**2024 Guidance**	**Year ended Dec. 31, 2023[2]**	**2023 Guidance**
Peru[1]	**17.0**	15.2	15.0
Manitoba[3]	**23.0**	10.4	15.0
British Columbia	**2.0**	3.9	-
Arizona and other	**1.0**	2.4	-
Total exploration expenditures	**43.0**	31.9	30.0
Capitalized spending	**(8.0)**	(7.8)	(10.0)
Total exploration expense	**35.0**	24.1	20.0

[1] Exploration guidance excludes $5 million of non-cash amortization of community agreements for exploration properties.

[2] 2023 exploration actuals exclude $5.2 million of non-cash amortization of community agreements for exploration properties.

[3] Partially funded by approximately $11 million in Canadian Exploration Expense flow-through financing proceeds.

Total expected exploration expenditures of $43 million in 2024 are 35% higher than 2023 spending primarily due to an extensive drilling program underway in Snow Lake, Manitoba. Our 2024 exploration activities are focused on areas with high potential for new discovery and mineral reserve and resource expansion.

In Peru, 2024 exploration activities will continue to focus on permitting and drill preparation for the Maria Reyna and Caballito properties near Constancia. In Manitoba, we have initiated the largest exploration program in its history in Snow Lake focused on testing the deep extensions of the gold and copper zones at Lalor, the Lalor Northwest target, the newly acquired Cook Lake claims, and the former Rockcliff properties. We intend to complete geophysical surveys on the new land package in the Snow Lake area to generate additional targets with plans to start drilling those targets later in 2024. A portion of the 2024 Manitoba exploration program will be funded by $11 million in proceeds from a critical minerals premium flow-through financing completed in December 2023. We issued 1,310,000 Canadian Exploration Expense ("CEE") flow-through common shares ("Flow-Through Common Shares") of the company, at a price of C$11.50 per CEE Flow-Through Common Share, representing a premium of approximately 85%.

[2] Year-over-year forecast changes assume the mid-point of the respective guidance range is achieved.

Commodity Markets

Our 2024 operational and financial performance will be influenced by a variety of factors including our production volumes, metal prices and input costs. The general performance of the Chinese, North American and global economies will influence the demand for copper and zinc and the prices we receive, while interest rates, inflation, the performance of financial markets, the amount of central bank gold purchases and the level of geopolitical uncertainty will drive the price we receive for our gold.

In the early months of 2024, central banks, led by the US Federal Reserve, have maintained policies to fight inflation by keeping short term interest rates high. Current consensus is that central banks will begin to drop rates in the second half of 2024 to try and engineer a soft economic landing whist avoiding a recession. This trajectory is even more probable as over half the global population will head to the polls during 2024 which will pressure incumbent administrations, hoping to remain in power to generate a prosperous economic outcome in 2024. In addition, the Chinese government appears committed to undertaking a significant amount of economic stimulus to ensure that they maintain their goal of 5% GDP growth and improved employment for their younger citizens. While these factors are collectively positive for economic growth and base metal demand, there remains a very high level of geopolitical uncertainty in the world with wars and political instability in the Ukraine and the Middle East which could adversely affect the world economy and demand for base metals. These same geopolitical forces could also have an adverse impact on oil prices and trade flows which could increase our production costs.

The realized prices we achieve in the commodity markets significantly affect our financial performance. Our general expectations regarding metals prices and foreign exchange rates are included below and in the "Sensitivity Analysis" section of this MD&A.

We have developed the following market analysis from various information sources including analyst and industry experts and our own market intelligence.

Copper

In 2023, the London Metal Exchange ("LME") copper price began the year strongly averaging $4.04 per pound during the first 4 months of the year buoyed by expectations of a strong economic rebound in China. In the second quarter of the year, when it became apparent that the Chinese economic recovery was more tepid, market sentiment quickly soured and the price averaged only $3.75 per pound for the last 8 months of the year bringing the annual average price in at $3.85 per pound. During the last quarter of 2023 and into early 2024 copper prices have been rangebound between $3.54 and $3.87 per pound as market sentiment has shifted back and forth between concerns about declining near term copper demand and concerns about lower supply due to the sudden closure of the Cobre de Panama mine and lower production estimates from established mines in Chile and other parts of the world.

2024 is expected to be an uncertain year for the copper price due to significant volatility on both supply and demand sides of the market as well as economic uncertainty related to the timing of interest rate reductions and geopolitical turmoil. However, growing future demand for copper driven by the Green Revolution will necessitate the development of intrinsically higher capital cost greenfield mines from the world's existing inventory of undeveloped deposits, which, in combination with the significant operating cost inflation that has occurred over the past several years, will almost certainly result in significantly higher copper prices in 2025 and beyond.

Zinc

In 2023, the LME zinc price started the year strongly, reaching a high of $1.58 per pound towards the end of January before dropping precipitously to a low of $1.02 per pound in May, after succumbing to the double hit of falling metal demand and increasing zinc metal supply which produced the first zinc metal market surplus in many years. The dramatically lower prices have already had an effect on mine production with several higher cost zinc mines (Tara, Nystar's Tennesse mines, Aljustrel and Myra Falls) being placed on care and maintenance in the second half of 2023. Despite these mine supply curtailments and others that are likely to follow, continued weak demand from China's housing sector and large metal inventories within China are likely to weigh on the zinc market for the remainder of 2024 causing LME zinc prices to remain between $1.00 and $1.10 per pound.

Gold

In 2023, the London Gold Bullion Market price for gold averaged $1,943 per ounce, which, for the first time in several years, was up substantially from the prior year average of $1,803 per ounce. Gold prices began the year at $1,843 per ounce and rose to close the year at an all-time high of $2,078 per ounce on December 28, 2023. The price increase during the year was largely driven by exceptional demand from emerging market central banks and geopolitical instability in many areas of the world.

The physical supply and demand for gold is not an arbitrator of future prices as it is with base metals because most of the gold ever mined is stored in bank vaults. Gold is an investment that has traditionally provided a safe haven for investors during uncertain economic times, as well as a hedge against inflation, future currency devaluation and declining values of other riskier asset classes. The consensus economic outlook for a soft economic landing in the US and Europe, softer growth in China, easing inflation and a decline in central bank rates in the second half of the year would normally bode poorly for gold prices. However, continued geopolitical instability combined with the continued central bank buying trend that has pushed central bank holdings to their highest level since 1974 may support gold prices and allow them to stay above $2,000 per ounce for the balance of 2024.

Treatment Charges, Refining Charges, and Freight Costs

Hudbay's operating margins are affected by a variety of marketing related costs related to the products that we produce. For the copper, zinc and molybdenum concentrates that we produce, we pay freight costs to deliver these products from our facilities to our customers, which include, depending on the destination, various combinations of truck, rail or ocean freight costs along with warehousing and loading fees. We also pay treatment and refining charges ("TC/RCs") to our customers who process our concentrates. For precious metal doré we produce, we incur transportation costs to ship to a third party refinery.

A portion of our copper concentrate sales are made under multiyear contracts with an annual benchmark reference for TC/RCs. The annual benchmark for 2024 was recently established at $80/8¢, compared to $88/8.8¢ in 2023. However, since the benchmark was established, the global concentrate market has tightened significantly, reflecting the closure of the Cobre Panama mine and spot treatment and refining charges have responded by dropping as low as $25/2.5¢.

Hudbay is also exposed to zinc concentrate treatment charges as a seller of zinc concentrate. The 2024 zinc concentrate benchmark has not yet been established, but is expected to be well below 2023's level of US$274/dmt. The zinc concentrate market is currently tight with spot treatment charges at approximately $100/dmt.

Bulk ocean freight rates were volatile in 2023. Spot rates generally declined during the first half of 2023, before rebounding strongly in the second half, in part due to drought induced restrictions at the Panama Canal.

Conversely, container rates were largely weak throughout 2023, as new container vessel construction added to global supply. However, the recent instability in the middle east has the potential to send container rates higher again as vessels are forced to use longer routes rather than sailing through the Suez Canal.

Sensitivity Analysis

The following table displays the estimated impact of changes in metals prices and foreign exchange rates on our 2024 net profit, earnings per share and operating cash flow, assuming that our operational performance is consistent with the mid-point of our guidance for 2024. The effects of a given change in an assumption are calculated in isolation.

	2024 Base	Change of 10% represented by:	Impact on Profit	Impact on EPS[1]	Impact on Operating CF before WC changes
Metals Prices					
Copper price[2]	$3.75/lb	' +/- $0.38/lb	' +/- $78M	' +/- $0.22	' +/- $107M
Zinc price	$1.15/lb	' +/- $0.12/lb	' +/- $4M	' +/- $0.01	' +/- $6M
Gold price[3]	$1,900/oz	' +/- $190/oz	' +/- $30M	' +/- $0.09	' +/- $43M
Exchange Rates [4]					
C$/US$	1.35	'+/-0.14	' +/- $59M	' +/- $0.17	' +/- $53M

[1] Based on 350.7 million common shares outstanding as at December 31, 2023.

[2] Quotational period hedging program neutralizes provisional pricing adjustments.

[3] Gold price sensitivity also includes an impact of a +/- 10% change in the silver price (2024 assumption: $23.00/oz of silver).

[4] Change in profit from operational performance only, does not include change in profit arising from translation of balance sheet accounts.

FINANCIAL REVIEW

Our financial results presented within this "Financial Review" section include results from the British Columbia business unit from the June 20, 2023 acquisition date.

Financial Results

In the fourth quarter of 2023, we recorded a net profit of $33.5 million compared to a net loss of $17.5 million in the fourth quarter of 2022, representing an increase in profit of $51.0 million. For the full year of 2023, we recorded a net profit of $69.5 million compared to a net profit of $70.4 million in 2022, representing a decrease in profit of $0.9 million.

The following table provides further details on these variances:

(in $ millions)	Three months ended December 31, 2023	Year ended December 31, 2023
Increase (decrease) in components of profit or loss:		
Revenues	**281.0**	**228.6**
Cost of sales		
Mine operating costs	**(111.5)**	**(58.9)**
Depreciation and amortization	**(42.4)**	**(54.0)**
Selling and administrative expenses	**(1.3)**	**(5.2)**
Exploration expenses	**(5.8)**	**5.1**
Re-evaluation adjustment - environmental obligation	**(20.5)**	**(122.1)**
Other expenses	**8.0**	**(5.7)**
Impairment - Arizona	**-**	**95.0**
Net finance expense	**(12.2)**	**(26.8)**
Tax expense	**(44.3)**	**(56.9)**
Increase (decrease) in profit for the period	**51.0**	**(0.9)**

Revenue

Revenue for the fourth quarter of 2023 was a record $602.2 million, $281.0 million higher than the same period in 2022, primarily as a result of $83.7 million of incremental revenue generated by our recently acquired Copper Mountain mine as well as higher copper and gold sales volumes from mining the high-grade zones of the Pampacancha deposit and higher gold and copper grade zones at Lalor, and higher copper and gold metal prices partially offset by higher molybdenum prices and sales volumes and higher treatment and refining charges.

Revenue for the year ended December 31, 2023 was $1,690.0 million, $228.6 million higher than in 2022, mainly due to $165.4 million of incremental revenue generated by our recently acquired Copper Mountain mine as well as higher copper and gold sales volumes and higher gold prices. These factors were partially offset by lower zinc sales volumes, lower copper and zinc metal prices and higher treatment and refining charges. Copper sales volumes for the year ended December 31, 2023 were significantly higher than the prior year despite the closure of the 777 mine in Manitoba in June 2022, which contributed to higher production and sales in the comparative period.

The following table provides further details on these variances:

(in $ millions)	Three months ended December 31, 2023	Year ended December 31, 2023
Metals prices[1]		
Higher (lower) copper prices	**9.4**	**(28.6)**
Lower zinc prices	**(3.6)**	**(34.6)**
Higher gold prices	**44.9**	**64.0**
Higher silver prices	**4.0**	**2.4**
Sales volumes		
Higher copper sales volumes	**75.0**	**108.2**
Lower zinc sales volumes	**(2.5)**	**(114.9)**
Higher gold sales volumes	**88.1**	**91.1**
Higher (lower) silver sales volumes	**6.8**	**(0.4)**
British Columbia Business Unit		
Copper	**79.4**	**153.0**
Gold	**6.9**	**17.0**
Silver	**2.4**	**4.5**
Treatment & Refining	**(4.8)**	**(9.8)**
Other		
Change in derivative mark-to-market on zinc	**-**	**0.4**
Change in derivative mark-to-market on copper	**0.1**	**3.8**
Molybdenum and other volume and pricing differences	**(14.1)**	**3.6**
Variable consideration adjustments	**-**	**3.9**
Effect of higher treatment and refining charges	**(11.0)**	**(35.0)**
Increase in revenue in 2023 compared to 2022	**281.0**	**228.6**

[1] See discussion below for further information regarding metals prices.

Our revenue by significant product type is summarized below:

	Three months ended		Year ended	
(in $ millions)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Copper	**361.7**	203.6	**1,065.8**	838.1
Zinc	**18.7**	24.1	**76.6**	223.4
Gold	**183.8**	67.4	**463.0**	325.1
Silver	**11.8**	2.8	**35.6**	24.9
Molybdenum	**21.2**	17.6	**79.4**	54.5
Other metals	**-**	0.7	**0.2**	5.4
Revenue from contracts	**597.2**	316.2	**1,720.6**	1,471.4
Amortization of deferred revenue - gold	**16.3**	4.4	**39.7**	36.0
Amortization of deferred revenue - silver	**10.2**	6.0	**32.7**	36.2
Amortization of deferred revenue - variable consideration adjustments - prior periods	**-**	-	**4.9**	1.0
Pricing and volume adjustments [1]	**14.2**	14.5	**5.8**	(14.3)
Treatment and refining charges	**(35.7)**	(19.9)	**(113.7)**	(68.9)
Revenue	**602.2**	321.2	**1,690.0**	1,461.4

[1] Pricing and volume adjustments represents mark-to-market adjustments on provisionally prices sales, realized and unrealized changes to fair value for non-hedge derivative contracts and adjustments to originally invoiced weights and assays.

For further detail on variable consideration adjustments, refer to note 21 of our consolidated financial statements.

Realized sales prices

This measure is intended to enable management and investors to understand the average realized price of metals sold to third parties in each reporting period. The average realized price per unit sold does not have any standardized meaning prescribed by IFRS, is unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or a substitute for measures of performance prepared in accordance with IFRS.

For sales of copper, zinc, gold and silver we may enter into non-hedge derivatives ("QP hedges") which are intended to manage the provisional pricing risk arising from quotational period terms in concentrate sales agreements. The gains and losses on QP hedges are included in the calculation of realized prices. We expect that gains and losses on QP hedges will offset provisional pricing adjustments on concentrate sales contracts.

Our realized prices for the fourth quarter and full year 2023 and 2022, respectively, are summarized below:

		LME QTD 2023[2]	Realized prices[1] for the Three months ended		LME YTD 2023[2]	Realized prices[1] for the Year ended	
			Dec. 31, 2023	Dec. 31, 2022		**Dec. 31, 2023**	Dec. 31, 2022
Prices							
Copper	*$/lb*	**3.70**	**3.77**	3.61	**3.85**	**3.82**	3.94
Zinc[3]	*$/lb*	**1.13**	**1.14**	1.36	**1.20**	**1.18**	1.72
Gold[4]	*$/oz*		**2,062**	1,615		**1,898**	1,656
Silver[4]	*$/oz*		**21.67**	16.99		**21.85**	20.88

[1] Realized prices exclude refining and treatment charges and are on the sale of finished metal or metal in concentrate. Realized prices include the effect of provisional pricing adjustments on prior period sales.

[2] London Metal Exchange average for copper and zinc prices.

[3] Includes sales of zinc concentrate and sales of zinc metal. Zinc realized prices include premiums paid by customers for delivery of refined zinc metal, but exclude unrealized gains and losses related to non-hedge derivative contracts that are included in zinc revenues. Realized prices include the effect of provisional pricing adjustments on zinc concentrate.

[4] Sales of gold and silver from Constancia mine are subject to our precious metals stream agreement with Wheaton, pursuant to which we recognize deferred revenue for precious metals deliveries and also receive cash payments. Stream sales are included within realized prices and their respective deferred revenue and cash payment rates can be found on page 43 of this MD&A.

The realized prices denoted in the table above exclude the impact of derivative mark-to-market gains and losses on non-QP hedges.



During the fourth quarter of 2023, the Copper Mountain mine entered into forward sales contracts for a total of 3,600 tonnes of 2024 copper production over the twelve-month period from May 2024 to April 2025 at an average price of $3.93 per pound, as well as a zero-cost collar program for 6,000 tonnes of 2024 copper production over the twelve-month period from May 2024 to April 2025 at an average floor price of $3.83 per pound and an average cap price of $4.03 per pound. Together, the forward sales and zero cost collar hedges entered into during the fourth quarter represent approximately 25% of Copper Mountain's expected 2024 production.

The following tables provide a reconciliation of average realized price per unit sold, by metal, to revenues as shown in the consolidated financial statements.

Three months ended December 31, 2023							
(in $ millions) [1]	Copper	Zinc	Gold	Silver	Molybdenum	Other	Total
Revenue from contracts [2]	**361.7**	**18.7**	**183.8**	**11.8**	**21.2**	**-**	**597.2**
Amortization of deferred revenue	**-**	**-**	**16.3**	**10.2**	**-**	**-**	**26.5**
Pricing and volume adjustments [3]	**4.4**	**(0.1)**	**16.1**	**0.7**	**(6.9)**	**-**	**14.2**
By-product credits [4]	**366.1**	**18.6**	**216.2**	**22.7**	**14.3**	**-**	**637.9**
Derivative mark-to-market [5]	**0.1**	**-**	**-**	**-**	**-**	**-**	**0.1**
Revenue, excluding mark-to-market on non-QP hedges[4]	**366.2**	**18.6**	**216.2**	**22.7**	**14.3**	**-**	**638.0**
Payable metal in concentrate and doré sold [6]	**44,006**	**7,385**	**104,841**	**1,048,879**	**468**	**-**	**-**
Realized price [7]	**8,321**	**2,519**	**2,062**	**21.67**	**-**	**-**	**-**
Realized price [8]	**3.77**	**1.14**	**-**	**-**	**-**	**-**	**-**
Year ended December 31, 2023							
(in $ millions) [1]	Copper	Zinc	Gold	Silver	Molybdenum	Other	Total
Revenue from contracts [2]	**1,065.8**	**76.6**	**463.0**	**35.6**	**79.4**	**0.2**	**1,720.6**
Amortization of deferred revenue	**-**	**-**	**39.7**	**32.7**	**-**	**-**	**72.4**
Pricing and volume adjustments [3]	**(8.3)**	**(1.7)**	**22.9**	**0.4**	**(7.5)**	**-**	**5.8**
By-product credits [4]	**1,057.5**	**74.9**	**525.6**	**68.7**	**71.9**	**0.2**	**1,798.8**
Derivative mark-to-market [5]	**(3.8)**	**-**	**-**	**-**	**-**	**-**	**(3.8)**
Revenue, excluding mark-to-market on non-QP hedges	**1,053.7**	**74.9**	**525.6**	**68.7**	**71.9**	**0.2**	**1,795.0**
Payable metal in concentrate and dore sold [6]	**124,996**	**28,779**	**276,893**	**3,145,166**	**1,462**	**-**	**-**
Realized price [7]	**8,430**	**2,603**	**1,898**	**21.85**	**-**	**-**	**-**
Realized price [8]	**3.82**	**1.18**	**-**	**-**	**-**	**-**	**-**

[1] Average realized price per unit sold may not calculate based on amounts presented in this table due to rounding.

[2] As per financial statements.

[3] Pricing and volume adjustments represents mark-to-market adjustments on provisionally priced sales, realized and unrealized changes to fair value for non-hedge derivative contracts and adjustments to originally invoiced weights and assays.

[4] By-product credits subtotal is used in the calculated of cash cost per pound of copper and ounce of gold produced, net of by-product credits. Cash cost per pound of copper and per ounce of gold produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[5] Derivative mark-to-market excludes mark-to-market on QP hedges.

[6] Copper, zinc and molybdenum shown in metric tonnes and gold and silver shown in ounces.

[7] Realized price for copper and zinc in $/metric tonne and realized price for gold and silver in $/oz.

[8] Realized price for copper and zinc in $/lb.

The price, quantity and mix of metals sold, affect our revenue, operating cash flow and profit. Revenue from metals sales can vary from quarter to quarter due to production levels, shipping volumes and transfer of risk and title to customers.

Three months ended December 31, 2022							
(in $ millions) [1]	Copper	Zinc	Gold	Silver	Molybdenum	Other	Total
Revenue from contracts [2]	203.6	24.1	67.4	2.8	17.6	0.7	316.2
Amortization of deferred revenue	-	-	4.4	6.0	-	-	10.4
Pricing and volume adjustments [3]	(1.4)	0.6	4.5	0.7	10.1	-	14.5
By-product credits [4]	202.2	24.7	76.3	9.5	27.7	0.7	341.1
Derivative mark-to-market [5]	-	-	-	-	-	-	-
Revenue, excluding mark-to-market on non-QP hedges	202.2	24.7	76.3	9.5	27.7	0.7	341.1
Payable metal in concentrate and dore sold [6]	25,415	8,230	47,256	559,306	421	-	-
Realized price [7]	7,956	3,001	1,615	16.99	-	-	-
Realized price [8]	3.61	1.36	-	-	-	-	-
Year ended December 31, 2022							
(in $ millions) [1]	Copper	Zinc	Gold	Silver	Molybdenum	Other	Total
Revenue from contracts [2]	838.1	223.4	325.1	24.9	54.5	5.4	1,471.4
Amortization of deferred revenue	-	-	36.0	36.2	-	-	72.2
Pricing and volume adjustments [3]	(17.0)	0.6	(7.6)	1.1	8.6	-	(14.3)
By-product credits [4]	821.1	224.0	353.5	62.2	63.1	5.4	1,529.3
Derivative mark-to-market [5]	-	0.4	-	-	-	-	0.4
Revenue, excluding mark-to-market on non-QP hedges	821.1	224.4	353.5	62.2	63.1	5.4	1,529.7
Payable metal in concentrate and dore sold [6]	94,473	59,043	213,415	2,978,485	1,352	-	-
Realized price [7]	8,691	3,801	1,656	20.88	-	-	-
Realized price [8]	3.94	1.72	-	-	-	-	-

[1] Average realized price per unit sold may not calculate based on amounts presented in this table due to rounding.

[2] As per consolidated financial statements.

[3] Pricing and volume adjustments represents mark-to-market adjustments on provisionally priced sales, realized and unrealized changes to fair value for non-hedge derivative contracts and adjustments to originally invoiced weights and assays.

[4] By-product credits subtotal is used in the calculated of cash cost per pound of copper and zinc produced, net of by-product credits. Cash cost per pound of copper and per ounce of gold produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[5] Derivative mark-to-market excludes mark-to-market on QP hedges.

[6] Copper, zinc and molybdenum shown in metric tonnes and gold and silver shown in ounces.

[7] Realized price for copper, zinc and molybdenum in $/metric tonne and realized price for gold and silver in $/oz.

[8] Realized price for copper and zinc in $/lb.

Stream Sales

The following table shows stream sales included within realized prices and their respective deferred revenue and cash payment rates:

		Three months ended Dec. 31, 2023	Year ended Dec. 31, 2023
		Peru[1]	**Peru[1]**
Gold	*oz*	**19,925**	**48,522**
Silver	*oz*	**665,191**	**2,140,243**
Gold deferred revenue drawdown rate[1,2]	*$/oz*	**820**	**820**
Gold cash rate[3]	*$/oz*	**420**	**418**
Total gold stream realized price	*$/oz*	**1,240**	**1,238**
Silver deferred revenue drawdown rate[1,2]	*$/oz*	**15.26**	**15.26**
Silver cash rate[3]	*$/oz*	**6.20**	**6.17**
Total silver stream realized price	$/oz	**21.46**	**21.43**

		Three months ended Dec. 31, 2022		Year ended Dec. 31, 2022	
		Manitoba	Peru[1]	Manitoba	Peru[1]
Gold	*oz*	-	6,013	11,115	30,275
Silver	*oz*	-	402,883	235,626	2,038,748
Gold deferred revenue drawdown rate[1,2]	*$/oz*	-	734	1,238	734
Gold cash rate[3]	*$/oz*	-	416	430	414
Total gold stream realized price	*$/oz*	-	1,150	1,668	1,148
Silver deferred revenue drawdown rate[1,2]	*$/oz*	-	14.95	24.43	14.95
Silver cash rate[3]	*$/oz*	-	6.14	6.34	6.11
Total silver stream realized price	*$/oz*	-	21.09	30.77	21.06

[1] Subsequent to the variable consideration adjustment recorded on January 1, 2023, the deferred revenue amortization is recorded in Peru at $820/oz gold and $15.26/oz silver (December 31, 2022 - $734/oz gold and $14.95/oz silver).

[2] Deferred revenue drawdown rates for gold and silver do not include variable consideration adjustments.

[3] The gold and silver cash rate for Peru increased by 1% from $400/oz and $5.90/oz effective August 4, 2019. Subsequently every year, on August 4, the cash rate will increase by 1% compounded. The gold and silver cash rate for Manitoba increased by 1% from $400/oz and $5.90/oz effective August 1, 2015. Subsequently every year, on August 1, the cash rate will increase by 1% compounded. The weighted average cash rate is disclosed.

Cost of Sales

Our detailed cost of sales is summarized as follows:

	Three months ended		Year ended	
(in $ thousands)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Peru				
Mining	**30,336**	41,647	**122,651**	137,546
Milling	**50,199**	50,723	**198,062**	195,152
Changes in product inventory	**8,048**	(15,685)	**28,128**	(31,348)
Depreciation and amortization	**85,722**	58,256	**275,647**	211,043
G&A	**24,994**	14,912	**77,299**	63,092
Inventory adjustments	**-**	-	**-**	(558)
Freight, royalties and other charges	**22,310**	17,263	**68,360**	55,651
Total Peru cost of sales	**221,609**	167,116	**770,147**	630,578
Manitoba				
Mining	**40,236**	38,112	**161,090**	192,704
Milling	**15,346**	14,868	**62,310**	73,903
Zinc plant	**-**	-	**-**	32,755
Changes in product inventory	**12,809**	(740)	**1,805**	28,223
Depreciation and amortization	**30,601**	21,152	**104,266**	126,572
Inventory adjustments	**1,402**	7	**2,308**	4,111
G&A	**8,601**	6,847	**35,171**	62,782
Curtailment	**-**	(2,384)	**-**	(2,384)
Freight, royalties and other charges	**6,765**	6,542	**23,717**	35,308
Total Manitoba cost of sales	**115,760**	84,404	**390,667**	553,974
British Columbia				
Mining	**19,015**	-	**48,266**	-
Milling	**25,218**	-	**49,320**	-
Changes in product inventory	**8,469**	-	**8,472**	-
Depreciation and amortization	**5,489**	-	**11,744**	-
G&A	**5,643**	-	**10,693**	-
Freight, royalties and other charges	**4,230**	-	**8,160**	-
Total British Columbia cost of sales	**68,064**	-	**136,655**	-
Cost of sales	**405,433**	251,520	**1,297,469**	1,184,552

Total cost of sales for the fourth quarter of 2023 was $405.4 million, reflecting an increase of $153.9 million from the fourth quarter of 2022 and included a full quarter of operating costs from Copper Mountain, totaling $68.1 million. Peru cost of sales increased by $54.5 million in the fourth quarter of 2023, compared to the same period of 2022 mainly due to higher depreciation, inline with the higher production during the quarter. Peru cost of sales was also higher in the fourth quarter of 2023, versus the comparative 2022 period, due to higher G&A and a drawdown of copper concentrate versus the comparative period. These increases were partially offset by lower mining costs.

Manitoba cost of sales increased by $31.4 million in the fourth quarter of 2023, compared to the same period of 2022. This was primarily as a result of a drawdown of copper concentrate inventory that had built up during the third quarter of 2023 versus the comparative period and an increase in depreciation from the increase in production compared to the prior period.

Total cost of sales for the full year 2023 was $1,297.5 million, reflecting an increase of $112.9 million from the same period in 2022 in part due to $136.7 million of operating costs from Copper Mountain with no similar costs in the comparative period. In addition, Peru cost of sales increased by $139.6 million mainly driven by higher depreciation due to the same reason outlined in the quarterly variance, a higher relative drawdown of product inventory, higher G&A and higher freight costs, partially offset by lower mining costs. These increases were partially offset by a decrease in Manitoba cost of sales by $163.3 million as a result of the closure of the zinc plant in June 2022, decreases in the mining, milling and depreciation costs due to the planned closure of 777 and the Flin Flon mill and a reduction of G&A and freight costs.

For details on unit operating costs, refer to the respective tables in the "Operations Review" section of this MD&A.

For the fourth quarter of 2023, other significant variances in non-operating expenses, compared to the same period in 2022, include the following:

- **Re-evaluation adjustment - environmental provision loss** increased by $20.5 million due to the relative revaluation of the environmental reclamation provision primarily on our Manitoba non-producing sites from changes in long term risk-free discount rates and inflation rates.

  Given the long term nature of the reclamation cash flows, the related environmental reclamation provision is highly sensitive to changes in inflation rates and long-term risk-free discount rates and, as such, we may continue to experience significant quarterly closure cost provision revaluations.

- **Other expenses** decreased by $8.0 million compared to 2022. The decrease was primarily due to a $4.2 million insurance recovery in the current period, a $3.9 million VAT gain in Peru in the current period and a $5.8 million comparative period corporate restructuring charge which did not recur in 2023. These impacts were partially offset by a comparative increase in losses on disposition of property, plant and equipment and increased amortization of community costs.

- **Exploration expenses** increased by $5.8 million primarily due to expensed exploration spending at our British Columbia business unit with no comparative period expense incurred.

For the year 2023, other significant variances in non-operating expenses, compared to the same period in 2022, include the following:

- **Re-evaluation adjustment - environmental provision gain** decreased by $122.1 million, for the same reasons outlined in the quarterly variance analysis.

- **Impairment - Arizona -** The prior period had a $95.0 million impairment related to certain capitalized costs and assets associated with the previous stand-alone development plan for the Rosemont deposit, which were determined to no longer be recoverable. No impairment was recorded in the comparative 2023 period.

- **Exploration expenses** decreased by $5.1 million as Copper World drilling and exploration costs, which were mainly expensed in the comparative 2022 period, have since been completed with incremental Copper World exploration now being capitalized.

- **Selling and administrative expenses** increased by $5.2 million reflecting a higher share based compensation expense as a result of an increase in share price during the current year compared to the same period in 2022.

- **Other expenses** increased by $5.7 million primarily due to a comparative increase in losses on disposition of property, plant and equipment and increased amortization of community costs. In addition there were increases in care & maintenance costs for the Flin Flon zinc refinery-concentrator and tailings impoundment area as well as transaction costs incurred to complete the acquisition of Copper Mountain. Partially offsetting these impacts was higher comparative period restructuring charges related to the closure of the Flin Flon operations in the second quarter of 2022, decreases in Copper World evaluation costs which were completed in the prior year and a comparative period corporate restructuring charge which did not recur in 2023.

Net finance expense

(in $ thousands)	Three months ended		Year ended	
	Dec. 31, 2023	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Finance costs - accrued or payable:				
Interest expense on long-term debt	**20,317**	16,933	**76,202**	67,663
Withholding taxes	**1,458**	1,528	**6,035**	6,092
Loss on disposal of investments	**-**	516	**667**	3,648
Other accrued/payable costs[1]	**2,250**	663	**2,132**	5,279
Total finance costs - accrued or payable	**24,025**	19,640	**85,036**	82,682
Finance costs - non-cash:				
Accretion on streaming agreements[2]	**6,597**	7,018	**26,291**	27,778
Change in fair value of financial assets and liabilities at fair value through profit or loss	**9,493**	6,830	**14,053**	942
Other non-cash costs[3]	**8,814**	3,240	**19,955**	7,092
Total finance costs - non-cash	**24,904**	17,088	**60,299**	35,812
Net finance expense	**48,929**	36,728	**145,335**	118,494

[1] Includes interest income and other finance expense.

[2] Includes variable consideration adjustment (prior periods).

[3] Includes accretion on community agreements, accretion on Wheaton refund liability, unwinding of discount on provisions, and net foreign exchange losses (gains).

Net finance expense during the fourth quarter ended December 31, 2023, increased by $12.2 million compared to the fourth quarter of 2022 primarily due to a $4.0 million increase net foreign exchange losses, a $3.4 million increase in interest expense as result of interest on the Copper Mountain Bonds and our revolving credit facility balance, a $1.8 million increase in other finance expense as a result of additional finance lease expenses, a $1.7 million increase in the net revaluation loss on our equity investments, a $1.6 million increase in accretion on community agreements and environmental provisions and a $1.0 million increase in the relative revaluation loss of the gold prepayment liability.

Net finance expense during the year ended 2023, increased by $26.8 million compared to the year ended in 2022 due to an $8.5 million increase in interest expense as result of interest on the Copper Mountain Bonds and our revolver balance, a $7.8 million increase in the revaluation loss of the gold prepayment liability, a $10.7 million decrease in net foreign exchange gains, and a $5.3 million increase in the net revaluation loss on our equity investments. This was partially offset by $5.5 million of additional interest income earned.

Tax Expense

For the three months ended December 31, 2023, tax expense increased by $44.3 million and for the year ended December 31, 2023, tax expense increased by $56.9 million, compared to the same periods in 2022. The following table provides further details:

	Three months ended		Year ended	
(in $ thousands)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Deferred tax recovery - income tax [1]	**(3,222)**	(6,401)	**(19,594)**	(1,193)
Deferred tax expense (recovery) - mining tax [1]	**(1,984)**	(127)	**(3,200)**	5,717
Total deferred tax (recovery) expense	**(5,206)**	(6,528)	**(22,794)**	4,524
Current tax expense - income tax	**45,197**	6,517	**83,073**	10,667
Current tax expense - mining tax	**7,463**	3,165	**22,008**	10,242
Total current tax expense	**52,660**	9,682	**105,081**	20,909
Tax expense	**47,454**	3,154	**82,287**	25,433

[1] Deferred tax expense (recovery) represents our draw down/increase of non-cash deferred income and mining tax assets/liabilities.

Income Tax Expense/Recovery

Applying the estimated Canadian statutory income tax rate of 26.2% to our profit before taxes of $151.8 million for the year-to-date of 2023 would have resulted in a tax expense of approximately $39.8 million; however, we recorded an income tax expense of $63.5 million. The significant items causing our effective income tax rate to be different than the 26.2% estimated Canadian statutory income tax rate include:

- Deductible temporary differences with respect to Peru, Manitoba and British Columbia, relating to the decommissioning and restoration liabilities, were recognized as we have determined that it is probable that we will realize the recovery of these deferred tax assets based on the timing of the reversals of the deductible temporary differences and the future projected taxable profit of the operations. This resulted in a combined deferred tax recovery of $6.4 million.
- Foreign exchange on the translation of deferred tax balances to group currency resulted in a deferred tax recovery of $7.4 million.
- Withholding taxes on intercompany dividends received in Canada from Hudbay's Peruvian Business Units results in a tax expense of $11.8 million.
- Adjustments with respect to prior years resulted in a tax expense of $1.9 million.
- The tax expense with respect to our foreign operations are recorded using an income tax rate other than the Canadian statutory income tax rate of 26.2%, resulting in a tax expense of $27.9 million.
- The recognition of previously unrecognized deferred tax assets resulted in a deferred tax recovery of $5.3 million.
- Temporary Income tax differences not recognized as we have determined that it is not probable that we will realize the recovery of these deferred tax assets, resulting in a deferred tax expense of $5.4 million.

Mining Tax Expense

Applying the estimated Manitoba mining tax rate of 10.0% to our net income before taxes of $151.8 million for the year-to-date of 2023 would have resulted in a tax expense of approximately $15.2 million; however, we recorded a mining tax expense of $18.8 million. Effective mining tax rates can vary significantly based on the composition of our earnings and the expected amount of mining taxable profits. Corporate costs and other costs not related to mining operations are not deductible in computing mining profits. A brief description of how mining taxes are calculated in our various business units is discussed below.

Manitoba

The Province of Manitoba imposes mining tax on profit related to the sale of mineral products mined in the Province of Manitoba (mining taxable profit) at the following rates:

- 10% of total mining taxable profit if mining profit is C$50 million or less;

- Between mining profit of C$50 and $C55 million, mining tax is equal to a minimum of C$5 million plus mining profit less C$50 million multiplied by 65%;
- 15% of total mining taxable profit if mining profits are between C$55 million and C$100 million;
- Between mining profit of C$100 million and C$105 million, mining tax is equal to a minimum of C$15 million plus mining profit less C$100 million multiplied by 57%; and
- 17% of total mining taxable profit if mining profits exceed C$105 million.

We estimate that the tax rate that will be applicable when temporary differences reverse will be approximately 10.0%.

Peru

The Peruvian government imposes two parallel mining tax regimes, the Special Mining Tax and the Modified Royalty, on companies' operating mining income on a sliding scale, with progressive rates ranging from 2.0% to 8.4% and 1.0% to 12.0%, respectively. Based on financial forecasts, we have recorded a deferred tax liability as at December 31, 2023, at the tax rate we expect to apply when temporary differences reverse.

British Columbia

The Province of British Columbia imposes a 13% net revenue tax on the sale of mineral products mined in the province of British Columbia after the mine owner has recovered the capital invested in the mine and its "Cumulative Expenditure Account" ("CEA") no longer has a balance. The tax is paid on the profit in excess of the capital that has been invested in the mine. British Columbia mineral tax is deductible for federal and provincial income tax purposes.

While there is a balance in the CEA account, the mine owner must pay a "Net Current Proceeds" ("NCP") tax of 2%. Any amounts paid as NCP can then be claimed in the future against net revenue taxes payable.

We estimate that the effective tax rate that will be applicable when temporary differences reverse will be approximately 9.49%.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, our liquidity includes $249.8 million in cash as well as undrawn total availability of $323.9 million under our revolving credit facilities.

Subsequent to December 31, 2023, we repaid $10.0 million on our Canadian revolving credit facility.

Senior Unsecured Notes

We have $600.0 million aggregate principal amount of 4.5% senior notes due April 2026 and $600.0 million aggregate principal amount of 6.125% senior notes due April 2029.

Senior Secured Revolving Credit Facilities

We have two senior secured revolving credit facilities with total commitments of $450 million ("the Credit Facilities") for our Canadian and Peruvian businesses and substantially similar terms and conditions.

In connection with the closing of the Copper Mountain transaction during the second quarter of 2023, we amended our Credit Facilities to allow Hudbay to designate the Copper Mountain group of companies as Unrestricted Subsidiaries under the Credit Facilities until the full repayment of the Copper Mountain Bonds. Following the full repayment of the Copper Mountain Bonds in November 2023 and a subsequent reorganization that involved the amalgamation of Copper Mountain Mining Inc. with Hudbay, the remaining members of the Copper Mountain group became restricted subsidiaries under our Credit Facilities and we pledged our shares in the entity that owns the Copper Mountain mine ("CMM") to our lenders. Although CMM does not provide any guarantees or security, the debt, cash, interest and EBITDA of CMM are included in the financial covenant calculations under our Credit Facilities.

At December 31, 2023, we had $10.0 million and $90.0 million of debt outstanding under our Canadian and Peruvian revolving credit facilities, respectively. As at December 31, 2023, we were in compliance with our covenants under the Credit Facilities and had also drawn $26.1 million in letters of credit under the Credit Facilities. In total, $126.1 million was owing under the Credit Facilities as at December 31, 2023.

C$130 Million Bilateral Letter of Credit Facility

On August 22, 2022, we closed a C$130.0 million bilateral letter of credit facility ("LC Facility") with a major Canadian financial institution. The LC Facility has no financial covenants and enables us to issue up to C$130.0 million of letters of credit to beneficiaries on an unsecured basis at attractive rates, with a further C$30.0 million sub-limit for financial letters of credit. As at December 31, 2023, the Manitoba business unit had drawn $56.7 million in letters of credit under the LC Facility.

Surety Bonds and Unsecured Letters of Credit

As at December 31, 2023, the Arizona business unit had $13.0 million in surety bonds issued to support future reclamation and closure obligations and the Peru business unit had $118.0 million in letters of credit issued with various Peruvian financial institutions to support future reclamation and other operating matters. In addition, the British Columbia business unit had $15.9 million in surety bonds issued to support future reclamation and $5.0 million in surety bonds issued to support the hydro used at Copper Mountain mine. No cash collateral is required to be posted under these letters of credit or surety bonds.

Gold Prepayment Liability

During the fourth quarter of 2020, we entered into a gold forward sale and prepay transaction which generated $115.0 million in cash proceeds to pre-fund the expected capital requirements for the New Britannia gold mill refurbishment project. The transaction valued the future gold ounce delivery obligation at 79,954 gold ounces to be delivered in fixed monthly deliveries of 3,331 gold ounces over a 24-month period from January 2022 to December 2023.

During the first quarter of 2023, we amended our gold forward sale and prepay agreements to defer eight months of deliveries starting with February 2023. Deliveries of the outstanding 37,500 ounces of gold resumed in fixed monthly amounts starting October 2023 and will continue until August 2024. The fair value of the financial liability at December 31, 2023 was $55.9 million.

Copper Mountain Bonds

On April 9, 2021, Copper Mountain completed an offering of $250 million of secured bonds (the "Copper Mountain Bonds") bearing an annual interest rate of 8.0% with a maturity date of April 9, 2026. The Copper Mountain Bonds provided the bondholders with the right to put all or part of the principal amount of the outstanding Bonds to Copper Mountain at a price of 101%, plus accrued interest, following a change of control event. With the acquisition of Copper Mountain on June 20, 2023, the change of control event was triggered and $83.3 million of the Copper Mountain Bonds were put to Copper Mountain on July 17, 2023. During the third quarter of 2023, we utilized its Credit Facilities to finance the redemption of the Copper Mountain Bonds that were put to Copper Mountain. The principal and premium amounting to $84.1 million was repaid on July 24, 2023.

During the fourth quarter of 2023, Hudbay exercised the redemption option and redeemed the remaining $54.7 million principal amount outstanding of Copper Mountain Bonds on November 30, 2023 at a call price equal to 104% of the principal amount, plus accrued and unpaid interest to the date of redemption. We utilized its Credit Facilities to fund the redemption of the Copper Mountain Bonds.

Financial Condition

Financial Condition as at December 31, 2023 compared to December 31, 2022

Cash increased by $24.1 million during the year to $249.8 million as at December 31, 2023. This increase was mainly due to cash inflows from operating activities of $476.9 million, $100.0 million draw on our Credit Facilities, $14.4 million of net proceeds from a flow-through financing, $11.0 million of net cash acquired on the closing of the Copper Mountain and Rockcliff acquisitions and $8.0 million of interest received. Partially offsetting these cash inflows were investing and financing cash outflows of $291.8 million for capital investments and community agreement payments primarily at our operations, Copper Mountain Bond principal repayments of $143.0 million, interest payments of $74.0 million, capitalized lease and equipment financing payments of $27.1 million, partial repayment of our gold prepayment liability of $26.7 million, other financing costs mainly related to our Credit Facilities and withholding taxes of $12.2 million, $10.0 million for a deferred Rosemont acquisition payment, dividends paid of $4.5 million as well as $3.0 million of premium paid on retirement of Copper Mountain bonds. We hold the majority of our cash in low-risk, liquid investments with major Canadian and Peruvian financial institutions.

Working capital increased by $59.4 million to $135.9 million from December 31, 2022 to December 31, 2023, primarily due to an increase in trade and other receivables of $90.2 million, an increase in inventories of $52.3 million both due, in part, to the acquisition of Copper Mountain during the second quarter, an increase in cash and cash equivalents of $24.1 million, a decrease in gold prepayment liability of $15.3 million and a $16.8 million decrease in other liabilities due to a reduction in advances from customers. Partially offsetting these items were increases in trade and taxes payable of $77.1 million, increases in deferred revenue of $23.0 million, decreases in prepaid and other current assets along with taxes receivable of $20.7 million and an increase in lease liabilities of $12.7 million.

Cash Flows

The following table summarizes our cash flows for the three months and year ended December 31, 2023 and December 31, 2022:

	Three months ended		Year ended	
(in $ thousands)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Operating cash flow before change in non-cash working capital	**246,528**	109,148	**569,994**	391,729
Change in non-cash working capital	**(17,462)**	(22,766)	**(93,144)**	96,074
Cash generated from operating activities	**229,066**	86,382	**476,850**	487,803
Cash used in investing activities	**(82,538)**	(89,114)	**(271,782)**	(337,670)
Cash used in financing activities	**(141,812)**	(58,580)	**(182,388)**	(196,300)
Effect of movement in exchange rates on cash	**(139)**	860	**1,449**	843
Increase (decrease) in cash	**4,577**	(60,452)	**24,129**	(45,324)

Cash Flow from Operating Activities

Cash generated from operating activities was $229.1 million during the fourth quarter of 2023, an increase of $142.7 million compared with the same period in 2022. Operating cash flow before change in non-cash working capital was $246.5 million during the fourth quarter of 2023, reflecting an increase of $137.4 million compared to the fourth quarter of 2022. The increase in operating cash flows before change in working capital was primarily the result of incremental contribution margin from our recently acquired Copper Mountain mine as well as higher copper and gold sales volumes from mining the high grade zones of the Pampacancha deposit and higher gold and copper grade zones at Lalor, and higher realized gold metal prices.

Year-to-date cash generated from operating activities was $476.9 million in 2023, a decrease of $11.0 million compared to 2022. Operating cash flow before change in non-cash working capital for the year ended December 31, 2023 was $570.0 million, an increase of $178.3 million compared to 2022 predominantly due to the same reasons outlined above.

Cash Flow from Investing and Financing Activities

During the fourth quarter of 2023, we spent $224.4 million in investing and financing activities, primarily driven by $81.1 million in capital expenditures, $3.3 million in community agreement payments, Copper Mountain Bond principal repayments of $59.7 million, $37.8 million in interest payments, $30 million in net repayments on our revolving credit facilities, a $20.3 million partial repayment of our gold prepayment liability, $8.7 million in capitalized lease and equipment financing payments, $3.5 million in other financing costs mainly related to our Credit Facilities and withholding taxes and a $2.2 million premium paid on the redemption of Copper Mountain Bonds. These cash outflows were partially offset by $14.4 million of net proceeds from a flow-through financing, $5.9 million change in our restricted cash balance and a $1.4 million of interest received.

Year-to-date, we spent $454.2 million in investing and financing activities, primarily driven by $281.1 million in capital expenditures, $10.7 million in community agreement payments, Copper Mountain Bond principal repayments of $143.0 million, $74.0 million in interest payments, $27.1 million in capitalized lease and equipment financing payments, $26.7 million in partial settlement of our gold prepayment liability, $12.2 million in other financing costs mainly related to our Credit Facilities and withholding taxes, $10.0 million for a deferred Rosemont acquisition payment, $4.5 million in dividend payments and a $3.7 million change in our restricted cash balance. These cash outflows were partially offset by a $100.0 million draw on our Credit Facilities, $14.4 million of net proceeds from a flow-through financing, $11.0 million of net cash acquired on the closing of the Copper Mountain and Rockcliff acquisitions and $8.0 million of interest received.

Capital Expenditures

The following summarizes accrued and cash additions to capital assets for the periods indicated:

	Three months ended		Year ended		Guidance	
	Dec. 31,	Dec. 31,	**Dec. 31,**	Dec. 31,	Annual	
(in $ millions)	**2023**	2022	**2023**	2022	2023	2024[2]
Peru sustaining capital expenditures[1]	**36.8**	24.4	**132.1**	98.3	150.0	130.0
Manitoba sustaining capital expenditures	**19.1**	26.1	**55.8**	102.5	60.0	55.0
British Columbia sustaining capital expenditures[3]	**19.1**	-	**30.2**	-	33.0	105.0
Total sustaining capital expenditures	**75.0**	50.5	**218.1**	200.8	243.0	290.0
Arizona capitalized costs	**5.5**	9.1	**21.3**	36.2	25.0	20.0
Peru growth capitalized expenditures	**0.1**	2.8	**12.1**	4.3	10.0	2.0
Manitoba growth capitalized expenditures	**-**	9.0	**13.5**	33.4	15.0	10.0
British Columbia growth capitalized costs[3]	**1.2**	-	**1.2**	-	2.0	5.0
Other capitalized costs[2]	**6.9**	2.0	**35.6**	31.5		
Rockcliff acquisition	**-**	-	**14.2**	-		
Capitalized exploration	**6.2**	18.7	**7.8**	42.3	10.0	8.0
Total other capitalized expenditures	**19.9**	41.6	**105.7**	147.7		
Total capital additions	**94.9**	92.1	**323.8**	348.5		
Reconciliation to cash capital additions:						
Right-of-use asset additions	**0.8**	(1.9)	**(21.4)**	(28.0)		
Non-monetary acquisition[4]	**-**	-	**(13.7)**	-		
Community agreement additions	**0.2**	-	**(1.8)**	(3.5)		
Change in capital accruals and other	**(14.8)**	(1.4)	**(5.8)**	(8.0)		
Acquisition of property, plant & equipment - cash	**81.1**	88.8	**281.1**	309.0		

[1] Peru sustaining capital expenditures include capitalized stripping costs.

[2] Other capitalized costs primarily include right-of-use lease additions, which are excluded from guidance in 2024.

[3] British Columbia operations represented on a 100% basis and for the period since the acquisition completion date of June 20, 2023. Hence, there are no comparatives.

[4] Rockcliff acquisition was paid for with $13.7 million in Hudbay common shares and warrants.

For the three months ended December 31, 2023, total capital additions increased by $2.8 million, compared to the same period in 2022, primarily due to an increase in sustaining capital expenditures in Peru as well as new sustaining capital expenditures at the recently acquired Copper Mountain mine, partially offset by reduced sustaining and growth capital expenditures in Manitoba and lower capitalized exploration spending. For the year ended December 31, 2023, total capital additions declined by $24.7 million versus the comparative period due to continued financial discipline and capital cost efficiencies achieved to-date at our Peru, Manitoba and Arizona operations despite additional sustaining capital expenditures at the recently acquired Copper Mountain mine.

Sustaining capital expenditures in Manitoba for the three months and year ended December 31, 2023 were $19.1 million, and $55.8 million, respectively, representing a decline of $7.0 million and $46.7 million compared to the same periods in 2022 due to lower spending at Anderson tailings and lower capital development at Lalor in 2023. Sustaining capital expenditures in Peru for the three months and year ended December 31, 2023 were $36.8 million and $132.1 million, respectively, representing an increase of $12.4 million and $33.8 million compared to the same periods in 2022. The increases mainly relate to increased capitalized stripping at Pampacancha.

Growth capital spending in Manitoba for the three months and year ended December 31, 2023 was nil and $13.5 million, respectively, representing a decrease of $9.0 million and $19.9 million compared to the same periods in 2022 and mainly relates to the Stall mill recovery improvement project that has now been completed. Growth capital expenditures in Peru for the three months and year ended December 31, 2023 were $0.1 million and $12.1 million, respectively, representing a decrease of $2.7 million and an increase of $7.8 million compared to the same periods in 2022 and mainly relate to planned spending on copper and molybdenum recovery improvement projects in 2023.

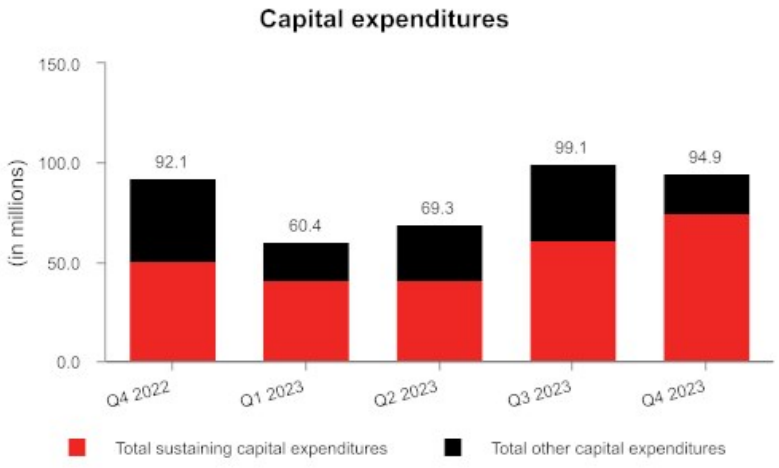
Arizona's capital expenditures for the three months and year ended December 31, 2023 were $5.5 million and $21.3 million, respectively, and mainly relate to pre-feasibility study costs for Phase 1 of Copper World as well as ongoing carrying costs.

Other capitalized costs for the three months and year ended December 31, 2023 were $6.9 million and $35.6 million, respectively, which are mostly made up of non-cash capitalized lease additions.

Capitalized exploration for the three months and year ended December 31, 2023 were $6.2 million and $7.8 million, respectively.

Rockcliff acquisition related to the acquisition of the remaining 49% ownership in the Talbot deposit which was acquired through the acquisition of Rockcliff Metals Corp. The Rockcliff acquisition was not included in our 2023 guidance.

As a result of continued financial discipline and capital cost efficiencies achieved to-date, total capital expenditures for Peru, Manitoba and Arizona in 2023 were approximately $57 million lower than original guidance levels, a further decrease from the $30 million reduction announced in the third quarter, representing a 19% reduction in total capital expenditures. Copper Mountain sustaining and growth capital expenditures were slightly below our post-acquisition 2023 guidance of $35 million in 2023.



Capital Commitments

As at December 31, 2023, we had outstanding capital commitments in Canada of approximately $23.9 million, of which $18.5 million can be terminated, approximately $73.4 million in Peru primarily related to sustaining capital commitments and exploration option agreements, all of which can be terminated, and approximately $41.9 million in Arizona, primarily related to our Copper World project, of which approximately $7.2 million can be terminated.

Contractual Obligations

The following table summarizes our significant contractual obligations as at December 31, 2023:

Payment Schedule (in $ millions)	Total	Less than 12 months	13 - 36 months	37 - 60 months	More than 60 months
Long-term debt obligations[1]	1,590.4	75.2	823.3	73.5	618.4
Gold prepayment obligation[2]	55.9	55.9	-	-	-
Lease obligations	155.5	56.8	61.1	23.0	14.6
Purchase obligation - capital commitments	139.3	68.2	39.0	32.1	-
Purchase obligation - other commitments[3]	1,569.4	478.1	497.3	127.8	466.2
Pension and other employee future benefits obligations[2]	112.5	3.8	17.6	9.0	82.1
Community agreement obligations[4, 5]	79.4	20.4	10.6	8.1	40.3
Decommissioning and restoration obligations[5]	486.9	1.4	13.4	7.6	464.5
Total	4,189.3	759.8	1,462.3	281.1	1,686.1

[1] Long-term debt obligations include scheduled interest payments, as well as principal repayments

[2] Discounted.

[3] Primarily made up of long-term agreements with operational suppliers, obligations for power purchase, concentrate handling, fleet and port services, as well as deferred consideration arising from the acquisition of Rosemont's minority interest.

[4] Represents community agreement obligations and various finalized land user agreements, including Pampacancha.

[5] Undiscounted before inflation.

In addition to the contractual obligations included in the above payment schedule, we also have the following commitments which impact our financial position:

- A profit-sharing plan with most Manitoba employees;
- A profit-sharing plan with all Peru employees;
- Wheaton precious metals stream agreements for 777 and the Constancia mines;
- Government royalty payments related to the Constancia mines; and,
- Participation Agreements related to the Copper Mountain mine.

Outstanding Share Data

As of February 21, 2024, the final trading day prior to the date of this MD&A, there were 350,729,018 common shares of Hudbay issued and outstanding. In addition, there were 2,146,464 stock options and 457,617 warrants outstanding.

FINANCIAL RISK MANAGEMENT

The Financial Risk Management risks in this MD&A are not exhaustive. Please also refer to the heading "Risk Factors" in our most recent Annual Information Form, for a discussion of the additional risk factors that may affect Hudbay's business, operations and financial condition. In addition to those risks, we have identified the following other risks which may affect our consolidated financial statements in the future.

Metals Price Strategic Risk Management

Commodity prices are a key driver of our financial and operational results. Our strategic objective is to provide our investors with exposure to base metals prices, unless a reason exists to implement a hedging arrangement. From time to time, we maintain price protection programs and conduct commodity price risk management in line with Board-approved policies to reduce risk through the use of financial instruments.

In the normal course, we typically consider metal price hedging to manage the risk associated with provisional pricing terms in concentrate sales agreements and in connection with stream delivery obligations. We may also occasionally consider metal price hedging in accordance with Board approved policies to achieve strategic objectives, including: locking in favourable metal prices to ensure a minimum cash flow during or after the construction of a mine or during a period of reduced liquidity, to maintain profitable production of shorter life/higher cost operations or as part of a financing arrangement.

During 2023, we entered into copper and zinc hedging transactions intended to manage the risk associated with provisional pricing terms in concentrate sales agreements.

As at December 31, 2023, we had 90.6 million pounds of net copper fixed for floating swaps outstanding at an average fixed receivable price of $3.74/lb associated with provisional pricing risk in concentrate sales agreements. These swaps settle across January to May 2024 .

As at December 31, 2023, we had 13.9 million pounds of net zinc fixed for floating swaps outstanding at an average fixed receivable price of $1.14/lb associated with provisional pricing risk in concentrate sales agreements. These swaps settle across January to March 2024 .

During the fourth quarter of 2023, we entered into copper forward sales contracts at Copper Mountain for a total of 3,600 tonnes of copper production over the twelve-month period from May 2024 to April 2025 at an average price of $3.93 per pound, as well as a zero-cost collar program for 6,000 tonnes of copper production over the twelve-month period from May 2024 to April 2025 at an average floor price of $3.83 per pound and an average cap price of $4.03 per pound. Together, the forward sales and zero cost collar hedges entered into during the fourth quarter represent approximately 25% of Copper Mountain's 2024 expected production.

From time to time, we enter into gold and silver forward sales contracts to hedge the commodity price risk associated with the future settlement of provisionally priced deliveries. We are generally obligated to deliver gold and silver to Wheaton prior to the determination of final settlement prices. These forward sales contracts are entered into at the time we deliver gold and silver to Wheaton, and are intended to mitigate the risk of subsequent adverse gold and silver price changes. Gains and losses resulting from the settlement of these derivatives are recorded directly to revenue, as the forward sales contracts do not achieve hedge accounting, and the associated cash flows are classified in operating activities. Our swap agreements are with counterparties we believe to be creditworthy and do not require us to provide collateral.

During the fourth quarter of 2020, we entered into a gold forward sale and prepay transaction which generated $115.0 million in cash proceeds to pre-fund the expected capital requirements for the New Britannia gold mill refurbishment project. The transaction valued the future gold ounce delivery obligation at 79,954 gold ounces to be delivered in fixed monthly deliveries of 3,331 gold ounces over a 24-month period from January 2022 to December 2023.

During the first quarter of 2023, we amended our gold forward sale and prepay agreements to defer eight months of deliveries starting with February 2023. Deliveries of the outstanding 37,500 ounces of gold resumed in fixed monthly amounts starting October 2023 and will continue until August 2024. The fair value of the financial liability at December 31, 2023 was $55,901.

Carrying Values and Mine Plan Updates

At the end of each reporting period, Hudbay reviews its groups of non-financial assets to determine whether there are any indicators of impairment or impairment reversal. If any such indicator exists, the Company estimates the recoverable amount of the non-financial asset group in order to determine the extent of the impairment loss or reversal, if any. At December 31, 2023, the Company assessed whether there were impairment or impairment reversal indicators associated with the general business environment and known changes to business planning and found that there were no impairment or impairment reversal indicators.

There are a number of potential indicators that could trigger non-financial asset impairment or reversal of impairment in the future. One such potential indicator is a change to the life of mine ("LOM") plan for an asset, which we generally publish in the first quarter of every year. LOM plans incorporate management's best estimates of key assumptions which include future commodity prices, the value of mineral resources not included in the LOM plan, production based on current estimates of recoverable reserves, discount rates, future operating and capital costs and future foreign exchange rates.

There is a risk that certain assumptions in the updated LOM plans could give rise to an indicator of impairment or impairment reversal and cause an adjustment to the carrying value of the relevant assets and/or impact our financial statements.

Interest Rate and Foreign Exchange Risk Management

To the extent that we incur indebtedness at variable interest rates to fund our growth objectives, we may enter into interest rate hedging arrangements to manage our exposure to short-term interest rates. To the extent that we make commitments to capital expenditures denominated in foreign currencies, we may enter into foreign exchange forwards or acquire foreign currency outright, which may result in foreign exchange gains or losses in our consolidated income statements.

At December 31, 2023, approximately $211.2 million of our cash was held in US dollars, approximately $36.0 million of our cash was held in Canadian dollars, and approximately $2.6 million of our cash was held in Peruvian soles.

Business Integration Risk with Copper Mountain

The ability to realize the benefits of the Copper Mountain transaction will depend in part on, building relationships with key stakeholders and successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner. It will also depend on Hudbay's ability to realize its updated mine plan and the anticipated synergies from integrating Copper Mountain's business, as well as its ability to ensure Copper Mountain's disclosure controls and procedures and internal controls over financial reporting are as thorough and effective as those required by securities laws currently applicable to Hudbay.

The process of designing and implementing and maintaining effective internal controls for Copper Mountain has required and is expected to continue to require significant resources of the Company. If the Company is unable to establish or maintain appropriate internal financial controls and procedures, it could cause the Company to fail to meet its reporting obligations on a timely basis, result in material misstatements in its consolidated financial statements, and harm its operating results.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, the Company may identify deficiencies and may encounter problems or delays in completing the remediation of any deficiencies. The existence of deficiencies in internal control over financial reporting may require management to devote significant time and incur significant expense to remediate any such deficiencies.

If the Company fails to design and implement and maintain effective internal controls over financial reporting for Copper Mountain in the required timeframe, it may be subject to sanctions or investigations by regulatory authorities, including the SEC and the NYSE and could also restrict the Company's future access to the capital markets.

Successfully completing the business integration will require the dedication of management effort, time and resources which may divert management's focus and resources from other strategic opportunities available to Hudbay and from operational matters during this process.

There can be no assurance that management will be able to implement the required processes, procedures and controls, complete the integration of the operations of Copper Mountain's business successfully and realize the anticipated operational and financial benefits.

TREND ANALYSIS AND QUARTERLY REVIEW

A detailed quarterly and annual summary of financial and operating performance can be found in the "Summary of Results" section at the end of this MD&A. The following table sets forth selected consolidated financial information for each of our eight most recently completed quarters:

(in $ millions, except per share amounts, production on a copper equivalent basis and average realized copper price)	**2023**				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Production on a copper equivalent basis *(tonnes)*	**77,951**	71,335	37,530	38,614	45,454	42,099	46,332	45,085
Average realized copper price ($/lb)	**3.77**	3.77	3.89	3.98	3.61	3.47	4.28	4.53
Revenue	**602.2**	480.5	312.2	295.2	321.2	346.2	415.5	378.6
Gross profit[2]	**196.8**	106.4	22.9	66.5	69.7	32.4	89.5	85.3
Profit (loss) before tax	**81.0**	84.1	(30.7)	17.4	(14.3)	(0.3)	21.5	88.9
Profit (loss)	**33.5**	45.5	(14.9)	5.5	(17.4)	(8.1)	32.1	63.8
Adjusted net earning (loss)[1]	**71.3**	24.4	(18.3)	0.1	2.6	(12.4)	30.5	5.2
Earnings (loss) per share:								
Basic and diluted	**0.10**	0.13	(0.05)	0.02	(0.07)	(0.03)	0.12	0.24
Adjusted net earnings (loss)[1] per share	**0.20**	0.07	(0.07)	0.00	0.01	(0.05)	0.12	0.02
Operating cash flow before change in non-cash working capital	**246.5**	182.0	55.9	85.6	109.1	81.6	123.9	77.1
Adjusted EBITDA[1]	**274.4**	190.7	81.2	101.9	124.7	99.3	141.4	110.2

[1] Adjusted net earnings (loss), adjusted net earnings (loss) per share, and adjusted EBITDA are non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] Gross profit includes $46.2 million, respectively, of impairment losses related to environmental reclamation provision for the now closed Flin Flon operation for the three months ended December 31, 2022.

Although commodity prices have generally declined during 2023 after peaking in the first quarter, the fourth quarter results reflect a continuation of the strong copper, gold and silver production that commenced in the previous quarter from mining the high grade zones of the Pampacancha deposit and higher gold and copper grade zones at Lalor. The fourth quarter results also reflected the impact of the recently acquired Copper Mountain mine. Combined, this translated into a significant increase in our revenues, gross profits, operating cash flow and adjusted net earnings[1] for the quarter.

Third quarter results reflected the first quarter of significantly higher copper and gold production and sales volumes from the high grade zones of the Pampacancha deposit and higher gold and copper grade zones at Lalor. The third quarter results also reflected the first full quarter impact from the recently acquired Copper Mountain mine. Given these factors, the third quarter translated into a significant increase in our revenues, gross profits and earnings.

The second quarter benefited from the drawdown of higher-than-normal unsold copper concentrate inventory levels in Peru that had built up due to supply chain disruptions during a short period of social and political unrest in the first quarter. The second quarter results also reflected the inclusion of the Copper Mountain acquisition which closed on June 20, 2023, however, there was a minimal impact to net earnings from the acquisition.

Average gold prices during the first quarter reached levels not seen since 2020, which positively impacted first quarter gross profit. Political unrest in Peru resulted in road blockades causing logistics and supply chain disruptions until mid-February 2023, resulting in a buildup of copper concentrate inventory above normal operating levels, affecting overall revenues and profit in the first quarter.

The easing of domestic COVID measures by China during the fourth quarter of 2022 resulted in a rebound of most industrial commodity prices. However, late in the quarter, Peru experienced heightened tensions and social unrest following a change in the country's political leadership. Inflationary pressures on fuel, consumables and energy costs have persisted globally, negatively impacting our production costs and margins.

Revenues for the fourth quarter of 2022 were negatively impacted by lower production due to planned maintenance programs at Lalor and Constancia, the planned closure of 777 earlier in the year, short-term changes in the mine plan in Peru and a build up of product inventory in Peru due to the aforementioned social unrest. The revenue impact of lower throughput was partially offset by higher commodity prices.

Commodity prices declined during the third quarter of 2022 while growing inflationary pressures contributed to higher mine operating costs resulting in declines in our key financial metrics during the quarter. Third quarter results were also impacted by lower production due to the closure of 777 in the second quarter of 2022 and the commencement of care and maintenance activities, which will continue for the next several years.

The second quarter results for 2022 were impacted by a revaluation gain of $60.7 million pertaining mostly to the environmental reclamation provision on our Flin Flon site due to increases in long-term risk-free interest rates. A pre-tax impairment loss of $95.0 million was recorded following the release of the Copper World Preliminary Economic Assessment in June 2022 as certain assets associated with the previous, stand-alone development plan for the Rosemont deposit are no longer expected to be recoverable.

Results in the first quarter of 2022 benefited from a trend of higher realized base metal prices, but were also impacted by rising operating costs caused by inflation. While we achieved increased gold production from the higher grade Pampacancha deposit and the higher recovery New Britannia gold mill, we experienced increased levels of COVID-19 related absenteeism in the workforce, impacting production, and also experienced limited availability of rail cars leading to reduced sales and an inventory build-up. The first quarter results were also impacted by a revaluation gain of $79.9 million pertaining mostly to the environmental reclamation provision on our Flin Flon site caused by an increase in long-term risk-free interest rates.

The following table sets forth selected consolidated financial information for each of the three most recently completed years:

(in $ millions, except for earnings (loss) per share, dividends declared per share, production on a copper equivalent basis and average realized copper price)	**2023**	2022	2021
Production on a copper equivalent basis *(tonnes)*	**225,430**	178,970	175,463
Average realized copper price ($/lb)	**3.82**	3.94	4.19
Revenue	**1,690.0**	1,461.4	1,502.0
Gross profit [4]	**392.6**	276.9	131.0
Profit (loss) before tax	**151.8**	95.8	(202.8)
Profit (loss)	**69.5**	70.4	(244.4)
Adjusted net earnings [1]	**72.5**	26.4	23.1
Earnings (loss) per share:			
Basic and diluted	**0.22**	0.27	(0.93)
Adjusted net earnings [1] per share	**0.23**	0.10	0.09
Total assets	**5,312.6**	4,325.9	4,616.2
Operating cash flow before precious metals stream deposit and changes in non-cash working capital	**570.0**	391.7	483.9
Adjusted EBITDA [1]	**647.8**	475.9	547.8
Total non-current financial liabilities [2]	**1,400.7**	1,281.5	1,345.7
Dividends declared per share - C$ [3]	**0.02**	0.02	0.02

[1] Adjusted net earnings, adjusted net earnings (loss) per share, and adjusted EBITDA are non-IFRS financial performance measure with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A.

[2] Total non-current financial liabilities consists of non-current other financial liabilities, lease liabilities and long-term debt.

[3] Dividend paid during March and September of each year.

[4] Gross profit includes $193.5 million of impairment losses related to environmental reclamation provision for the now closed Flin Flon operation for the year ended December 31, 2021.

Despite the planned closure of the 777 mine in June 2022, we achieved record production on a copper equivalent basis during 2023 due to additional production from our recently acquired Copper Mountain mine as well a significantly higher copper and gold production from mining the high grade zones of the Pampacancha deposit and higher gold and copper grade zones at Lalor. Operating cash flows before change in non-cash working capital increased by $178.3 million to $570.0 million in 2023 mainly driven by record metal production during the year.

Copper equivalent 2022 production was generally inline with the previous two years while sales volumes of copper and gold increased 2% and 27%, respectively, from 2021 as the ramp up of the New Britannia mill and mining operations at Pampacancha contributed to higher gold production during the year. Zinc sales volumes fell 39% in 2022 following the planned closure of 777 and the zinc plant in the second quarter of 2022. As a result, gold has overtaken zinc as the second largest source of Hudbay's revenue. Realized copper and gold prices have fallen in 2022 resulting in a decline in full year revenues compared to 2021. Our 2022 earnings benefited from a $133.5 million pre-tax revaluation gain of our Flin Flon environmental reclamation provision, partially offset by a $95.0 million pre-tax impairment loss related to the previous stand-alone development plan for the Rosemont deposit.

Gold production in 2021 climbed 55% compared to 2020 following the start of operations at our high-grade Pampacancha deposit and our New Britannia gold mill in the third and fourth quarter of 2021, respectively. The increased production of gold allowed us to capitalize on continued strength in gold prices. In addition, consistent throughput from Peru with improved copper recoveries and a nearly 50% increase in realized copper prices compared to 2020 was a significant factor in revenues climbing 37% to a record-high $1,502.0 million for the full year. From a cost perspective, global inflationary pressures increased substantially, contributing to a 20% and a 17% increase in 2021 combined unit costs in Peru and Manitoba, respectively, compared to 2020. Despite these cost pressures, the increases in copper and gold production and realized base metal prices resulted in the 2021 operating cash flow increasing by 100% from 2020. Net losses in 2021 were $244.4 million and reflect a pre-tax, non-cash impairment charge of $193.5 million related to an updated Flin Flon closure plan, among other items.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

Adjusted net earnings (loss), adjusted net earnings (loss) per share, adjusted EBITDA, realized prices, net debt, net debt to adjusted EBITDA, cash cost, sustaining and all-in sustaining cash cost per pound of copper produced, cash cost and sustaining cash cost per ounce of gold produced, combined unit cost and ratios based on these measures are non-IFRS performance measures. These measures do not have a meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently.

Management believes adjusted net earnings (loss) and adjusted net earnings (loss) per share provides an alternate measure of the Company's performance for the current period and gives insight into its expected performance in future periods. These measures are used internally by the Company to evaluate the performance of its underlying operations and to assist with its planning and forecasting of future operating results. As such, the Company believes these measures are useful to investors in assessing the Company's underlying performance. We provide adjusted EBITDA to help users analyze our results and to provide additional information about our ongoing cash generating potential in order to assess our capacity to service and repay debt, carry out investments and cover working capital needs. Net debt is shown because it is a performance measure used by the Company to assess our financial position. Net debt to adjusted EBITDA is shown because it is a performance measure used by the Company to assess our financial leverage and debt capacity. Realized price is shown to understand the average realized price of metals sold to third parties in each reporting period. Cash cost, sustaining and all-in sustaining cash cost per pound of copper produced are shown because we believe they help investors and management assess the performance of our operations, including the margin generated by the operations and the Company. Cash cost and sustaining cash cost per ounce of gold produced are shown because we believe they help investors and management assess the performance of our Manitoba operations. Combined unit cost is shown because we believe it helps investors and management assess our cost structure and margins that are not impacted by variability in by-product commodity prices.

Adjusted Net Earnings

Adjusted net earnings represents net earnings (loss) excluding certain impacts, net of taxes, such as mark-to-market adjustments, impairment charges and reversal of impairment charges, write-down of assets, revaluation of the environmental reclamation provision for closed sites, and foreign exchange (gain) loss. These measures are not necessarily indicative of net earnings (loss) or cash flows as determined under IFRS. The following table provides a reconciliation of profit (loss) per the consolidated income statements, to adjusted net earnings for the three months and year ended months ended December 31, 2023 and 2022.

	Three months ended		Year ended	
(in $ millions)	**Dec.31, 2023**	Dec. 31, 2022	**Dec.31, 2023**	Dec. 31, 2022
Profit (loss) for the period	**33.5**	(17.4)	**69.5**	70.4
Tax expense	**47.5**	3.1	**82.3**	25.4
Profit (loss) before tax	**81.0**	(14.3)	**151.8**	95.8
Adjusting items:				
Mark-to-market adjustments[1]	**12.7**	10.7	**21.4**	3.0
Foreign exchange (gain) loss	**4.2**	0.2	**5.3**	(5.4)
Inventory adjustments	**1.4**	-	**2.3**	3.6
Variable consideration adjustment - stream revenue and accretion	**-**	-	**(5.0)**	(1.9)
Premium paid on redemption of notes	**2.2**	-	**2.2**	-
Impairment - Arizona	**-**	-	**-**	95.0
Re-evaluation adjustment - environmental provision[2]	**34.0**	13.5	**(11.4)**	(133.5)
Acquisition related costs	**-**	-	**6.9**	-
Evaluation expenses	**-**	0.1	**-**	7.9
Insurance recovery	**(4.2)**	-	**(4.2)**	(5.7)
Value-added-tax recovery	**(3.9)**	-	**(3.9)**	-
Write off fair value of the Copper Mountain Bonds	**(1.0)**	-	**(1.0)**	-
Restructuring charges [3]	**0.6**	1.0	**2.9**	10.6
Loss on disposal of investments	**-**	0.5	**0.7**	3.6
Post-employment plan curtailment	**-**	(2.4)	**-**	(2.4)
Loss (gain) on disposal of plant and equipment and non-current assets	**6.6**	0.4	**7.4**	(6.3)
Changes in other provisions (non-capital) [4]	**-**	5.8	**-**	5.8
Adjusted earnings before income taxes	**133.6**	15.5	**175.4**	70.1
Tax expense	**(47.5)**	(3.1)	**(82.3)**	(25.4)
Tax impact of adjusting items	**(14.8)**	(9.8)	**(20.6)**	(18.3)
Adjusted net earnings	**71.3**	2.6	**72.5**	26.4
Adjusted net earnings ($/share)	**0.20**	0.01	**0.23**	0.10
Basic weighted average number of common shares outstanding (millions)	**349.1**	262.0	**310.8**	261.9

[1] Includes changes in fair value of the gold prepayment liability, Canadian junior mining investments, other financial assets and liabilities at fair value through profit or loss and share-based compensation (recoveries) expenses.

[2] Changes from movements to environmental reclamation provisions are primarily related to the Flin Flon operations, which were fully depreciated as of December 31, 2023, as well as other Manitoba non-operating sites.

[3] Includes closure costs for Flin Flon operations in 2022 and restructuring charges for British Columbia in 2023.

[4] Includes changes in other provisions related to corporate restructuring costs and costs which do not pertain to operations.

After adjusting reported net earnings for those items not considered representative of the Company's core business or indicative of future operations, the Company had adjusted net earnings in the fourth quarter of 2023 of $71.3 million or $0.20 earnings per share.

Adjusted EBITDA

Adjusted EBITDA is profit or loss before net finance expense/income, tax expense/recoveries, depreciation and amortization of property, plant and equipment and deferred revenue, as well as certain other adjustments. We calculate adjusted EBITDA by excluding certain adjustments included within our adjusted net earnings measure which we believe reflects the underlying performance of our core operating activities. The measure also removes the impact of non-cash items and financing costs that are not associated with measuring the underlying performance of our operations. However, our adjusted EBITDA is not the measure defined as EBITDA under our senior notes or revolving credit facilities and may not be comparable with performance measures with the same name reported by other companies. Adjusted EBITDA should not be considered as a substitute for profit or loss or as a better measure of liquidity than operating cash flow, which are calculated in accordance with IFRS. We provide adjusted EBITDA to help users analyze our results and to provide additional information about our ongoing cash generating potential in order to assess our capacity to service and repay debt, carry out investments and cover working capital needs.

The following table presents the reconciliation of profit (loss) per the consolidated income statements, to adjusted EBITDA for the three months and year ended December 31, 2023 and 2022:

	Three months ended		Year ended	
(in $ millions)	**Dec.31, 2023**	Dec. 31, 2022	**Dec.31, 2023**	Dec. 31, 2022
Profit (loss) for the period	**33.5**	(17.4)	**69.5**	70.4
Add back:				
Tax expense	**47.5**	3.1	**82.3**	25.4
Net finance expense	**48.9**	36.7	**145.3**	118.5
Other expense	**10.6**	18.5	**38.3**	32.6
Depreciation and amortization	**121.9**	79.4	**391.7**	337.6
Amortization of deferred revenue and variable consideration adjustment	**(26.5)**	(10.4)	**(77.3)**	(73.2)
Adjusting items (pre-tax):				
Impairment losses	**-**	-	**-**	95.0
Re-evaluation adjustment - environmental provision	**34.0**	13.5	**(11.4)**	(133.5)
Inventory adjustments	**1.4**	-	**2.3**	3.6
Post-employment plan curtailment	**-**	(2.4)	**-**	(2.4)
Share-based compensation expense [1]	**3.1**	3.7	**7.1**	1.9
Adjusted EBITDA	**274.4**	124.7	**647.8**	475.9

[1] Share-based compensation expense reflected in cost of sales and selling and administrative expenses.

Net Debt

The following table presents our calculation of net debt as at December 31, 2023 and December 31, 2022:

	Dec.31, 2023	Dec. 31, 2022
(in $ thousands)		
Total long-term debt	**1,287,536**	1,184,162
Cash and cash equivalents	**(249,794)**	(225,665)
Net debt	**1,037,742**	958,497

Net Debt to Adjusted EBITDA Ratio

The following table presents our calculation of net debt to adjusted EBITDA, both metrics have been reconciled above to the most comparable IFRS measure, as at December 31, 2023 and December 31, 2022:

(in $ millions, except net debt to adjusted EBITDA ratio)	**Dec.31, 2023**	Dec. 31, 2022
Net debt	**1,037.7**	958.5
Adjusted EBITDA	**647.8**	475.9
Net debt to adjusted EBITDA	**1.6**	2.0

Cash Cost, Sustaining and All-in Sustaining Cash Cost (Copper Basis)

Cash cost per pound of copper produced ("cash cost") is a non-IFRS measure that management uses as a key performance indicator to assess the performance of our operations. Our calculation designates copper as our primary metal of production as it has been the largest component of revenues. The calculation is presented in four manners:

- **Cash cost, before by-product credits -** This measure is gross of by-product revenues and is a function of the efforts and costs incurred to mine and process all ore mined. However, the measure divides this aggregate cost over only pounds of copper produced, our primary metal of production. This measure is generally less volatile from period to period, as it is not affected by changes in the price received for by-product metals. It is, however, affected by the relative mix of copper concentrate and zinc concentrate production, where an increase in production of zinc concentrate will tend to result in an increase in cash cost under this measure.

- **Cash cost, net of by-product credits -** In order to calculate the net cost to produce and sell copper, the net of by-product credits measure subtracts the revenues realized from the sale of the metals other than copper. The by-product revenues from zinc, gold, and silver are significant and are integral to the economics of our operations. The economics that support our decision to produce and sell copper would be different if we did not receive revenues from the other significant metals being extracted and processed. This measure provides management and investors with an indication of the minimum copper price consistent with positive operating margins, assuming realized by-product metal prices are consistent with those prevailing during the reporting period. It also serves as an important operating statistic that management and investors utilize to measure our operating performance versus that of our competitors. However, it is important to understand that if by-product metal prices decline alongside copper prices, the cash cost net of by-product credits would increase, requiring a higher copper price than that reported to maintain positive cash flows and operating margins.

- **Sustaining cash cost, net of by-product credits -** This measure is an extension of cash cost that includes cash sustaining capital expenditures, including payments on capitalized leases, capitalized sustaining exploration, net smelter returns royalties, payments on certain long-term community agreements, as well as accretion and amortization for expected decommissioning activities for producing assets. It does not include corporate selling and administrative expenses. It provides a more fulsome measurement of the cost of sustaining production than cash cost, which is focused on operating costs only.

- **All-in sustaining cash cost, net of by-product credits -** This measure is an extension of sustaining cash cost that includes corporate G&A, regional costs, accretion and amortization for community agreements relating to current operations, and accretion for expected decommissioning activities for non-producing sites. Due to the inclusion of corporate selling and administrative expenses, all-in sustaining cash cost is presented on a consolidated basis only.

The tables below present a detailed build-up of cash cost and sustaining cash cost, net of by-product credits, by business unit in addition to consolidated all-in sustaining cash cost, net of by-product credits, and reconciliations between cash cost, net of by-product credits, to the most comparable IFRS measures of cost of sales for the three months and year ended December 31, 2023 and 2022. Cash cost, net of by-product credits may not calculate exactly based on amounts presented in the tables below due to rounding.

Consolidated	Three months ended		Year ended	
Net pounds of copper produced[1] *(in thousands)*	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Peru	**73,209**	59,628	**221,536**	197,082
Manitoba	**8,234**	4,978	**26,795**	32,580
British Columbia[2]	**18,755**	-	**41,995**	-
Net pounds of copper produced	**100,198**	64,606	**290,326**	229,662

[1] Contained copper in concentrate.

[2] The numbers for British Columbia are only included from the date of acquisition of June 20, 2023. There are no comparatives.

Consolidated	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Cash cost per pound of copper produced	**$000s**	**$/lb**	$000s	$/lb	**$000s**	**$/lb**	$000s	$/lb
Cash cost, before by-product credits	**287,225**	**2.87**	208,642	3.23	**972,653**	**3.35**	906,265	3.94
By-product credits	**(271,738)**	**(2.71)**	(138,990)	(2.15)	**(741,288)**	**(2.55)**	(708,334)	(3.08)
Cash cost, net of by-product credits	**15,487**	**0.16**	69,652	1.08	**231,365**	**0.80**	197,931	0.86

Consolidated	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Cash cost per pound of copper produced	**$000s**	**$/lb**	$000s	$/lb	**$000s**	**$/lb**	$000s	$/lb
Mining	**89,587**	**0.89**	79,759	1.23	**332,007**	**1.14**	330,250	1.44
Milling	**90,763**	**0.91**	65,591	1.02	**309,692**	**1.07**	269,055	1.17
Refining (zinc)	**-**	**-**	-	-	**-**	**-**	32,755	0.14
G&A	**38,937**	**0.39**	21,269	0.33	**122,574**	**0.42**	125,454	0.55
Onsite costs	**219,287**	**2.19**	166,619	2.58	**764,273**	**2.63**	757,514	3.30
Treatment & refining	**35,665**	**0.36**	19,968	0.31	**113,712**	**0.39**	68,936	0.29
Freight & other	**32,273**	**0.32**	22,055	0.34	**94,668**	**0.33**	79,815	0.35
Cash cost, before by-product credits	**287,225**	**2.87**	208,642	3.23	**972,653**	**3.35**	906,265	3.94

Consolidated	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Supplementary cash cost information	**$000s**	**$/lb [1]**	$000s	$/lb [1]	**$000s**	**$/lb[1]**	$000s	$/lb[1]
By-product credits[2]:								
Zinc	**18,474**	**0.18**	24,744	0.38	**74,842**	**0.26**	224,043	0.98
Gold[3]	**216,178**	**2.16**	76,336	1.18	**525,637**	**1.80**	353,478	1.53
Silver[3]	**22,698**	**0.23**	9,592	0.15	**68,701**	**0.24**	62,252	0.27
Molybdenum & other	**14,388**	**0.14**	28,318	0.44	**72,108**	**0.25**	68,561	0.30
Total by-product credits	**271,738**	**2.71**	138,990	2.15	**741,288**	**2.55**	708,334	3.08
Reconciliation to IFRS:								
Cash cost, net of by-product credits	**15,487**		69,652		**231,365**		197,931	
By-product credits	**271,738**		138,990		**741,288**		708,334	
Treatment and refining charges	**(35,665)**		(19,968)		**(113,712)**		(68,936)	
Inventory adjustments	**1,402**		7		**2,308**		3,553	
Share-based compensation expense	**301**		490		**589**		420	
Post employment plan curtailment	**-**		(2,384)		**-**		(2,384)	
Change in product inventory	**29,326**		(16,425)		**38,405**		(3,125)	
Royalties	**1,032**		1,750		**5,569**		11,144	
Depreciation and amortization[4]	**121,812**		79,408		**391,657**		337,615	
Cost of sales[5]	**405,433**		251,520		**1,297,469**		1,184,552	

[1] Per pound of copper produced.

[2] By-product credits are computed as revenue per financial statements, including amortization of deferred revenue and pricing and volume adjustments. For more information, please see the realized price reconciliation table on page 41 of this MD&A for these figures.

[3] Gold and silver by-product credits do not include variable consideration adjustments with respect to stream arrangements. Variable consideration adjustments are cumulative adjustments to gold and silver stream deferred revenue primarily associated with the net change in mineral reserves and resources or amendments to the mine plan that would change the total expected deliverable ounces under the precious metal streaming arrangement. For the three months and year ended December 31, 2023 the variable consideration adjustments amounted income of $4,885 (three months and year ended December 31, 2022 - income of nil and an income of $959).

[4] Depreciation is based on concentrate sold.

[5] As per consolidated financial statements.

Peru	Three months ended		Year ended	
(in thousands)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Net pounds of copper produced[1]	**73,209**	59,628	**221,536**	197,082

[1] Contained copper in concentrate.

Peru	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Cash cost per pound of copper produced	**$000s**	**$/lb**	$000s	$/lb	**$000s**	**$/lb**	$000s	$/lb
Mining	**30,336**	**0.41**	41,647	0.70	**122,651**	**0.55**	137,546	0.70
Milling	**50,199**	**0.69**	50,723	0.85	**198,062**	**0.90**	195,152	0.99
G&A	**24,909**	**0.34**	14,817	0.25	**77,154**	**0.35**	63,015	0.32
Onsite costs	**105,444**	**1.44**	107,187	1.80	**397,867**	**1.80**	395,713	2.01
Treatment & refining	**19,626**	**0.27**	11,962	0.20	**66,469**	**0.30**	39,587	0.20
Freight & other	**20,854**	**0.28**	15,607	0.26	**62,745**	**0.28**	50,284	0.25
Cash cost, before by-product credits	**145,924**	**1.99**	134,756	2.26	**527,081**	**2.38**	485,584	2.46
By-product credits	**(106,227)**	**(1.45)**	(54,563)	(0.92)	**(289,112)**	**(1.31)**	(173,488)	(0.88)
Cash cost, net of by-product credits	**39,697**	**0.54**	80,193	1.34	**237,969**	**1.07**	312,096	1.58

Peru	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Supplementary cash cost information	**$000s**	**$/lb** [1]	$000s	$/lb [1]	**$000s**	**$/lb** [1]	$000s	$/lb [1]
By-product credits[2]:								
Gold[3]	**77,517**	**1.05**	19,934	0.33	**169,915**	**0.77**	68,630	0.35
Silver[3]	**14,322**	**0.20**	7,025	0.12	**47,328**	**0.21**	41,671	0.21
Molybdenum	**14,388**	**0.20**	27,604	0.47	**71,869**	**0.33**	63,187	0.32
Total by-product credits	**106,227**	**1.45**	54,563	0.92	**289,112**	**1.31**	173,488	0.88
Reconciliation to IFRS:								
Cash cost, net of by-product credits	**39,697**		80,193		**237,969**		312,096	
By-product credits	**106,227**		54,563		**289,112**		173,488	
Treatment and refining charges	**(19,626)**		(11,962)		**(66,469)**		(39,587)	
Inventory adjustments	**-**		-		**-**		(558)	
Share-based compensation expenses	**85**		95		**145**		77	
Change in product inventory	**8,048**		(15,685)		**28,128**		(31,348)	
Royalties	**1,456**		1,656		**5,615**		5,367	
Depreciation and amortization[4]	**85,722**		58,256		**275,647**		211,043	
Cost of sales[5]	**221,609**		167,116		**770,147**		630,578	

[1] Per pound of copper produced.

[2] By-product credits are computed as revenue per financial statements, including amortization of deferred revenue and pricing and volume adjustments. For more information, please see the realized price reconciliation table on page 41 of this MD&A.

[3] Gold and silver by-product credits do not include variable consideration adjustments with respect to stream arrangements.

[4] Depreciation is based on concentrate sold.

[5] As per consolidated financial statements.

British Columbia	Three months ended	Year ended
(in thousands)	**Dec. 31, 2023**	**Dec. 31, 2023**
Net pounds of copper produced[1]	**18,755**	**41,995**

[1] Contained copper in concentrate.

British Columbia	Three months ended		Year ended	
		Dec. 31, 2023		**Dec. 31, 2023**
Cash cost per pound of copper produced	**$000s**	**$/lb**	**$000s**	**$/lb**
Mining	**19,015**	**1.01**	**48,266**	**1.15**
Milling	**25,218**	**1.35**	**49,320**	**1.17**
G&A	**5,643**	**0.30**	**10,693**	**0.25**
Onsite costs	**49,876**	**2.66**	**108,279**	**2.57**
Treatment & refining	**4,850**	**0.26**	**9,755**	**0.23**
Freight & other	**4,654**	**0.25**	**8,347**	**0.20**
Cash cost, before by-product credits	**59,380**	**3.17**	**126,381**	**3.00**
By-product credits	**(9,286)**	**(0.50)**	**(21,520)**	**(0.51)**
Cash cost, net of by-product credits	**50,094**	**2.67**	**104,861**	**2.49**

British Columbia	Three months ended		Year ended	
		Dec. 31, 2023		**Dec. 31, 2023**
Supplementary cash cost information	**$000s**	**$/lb** [1]	**$000s**	**$/lb** [1]
By-product credits[2]:				
Gold	**6,876**	**0.37**	**16,996**	**0.40**
Silver	**2,410**	**0.13**	**4,524**	**0.11**
Total by-product credits	**9,286**	**0.50**	**21,520**	**0.51**
Reconciliation to IFRS:				
Cash cost, net of by-product credits	**50,094**		**104,861**	
By-product credits	**9,286**		**21,520**	
Treatment and refining charges	**(4,850)**		**(9,755)**	
Change in product inventory	**8,469**		**8,472**	
Royalties	**(424)**		**(187)**	
Depreciation and amortization[3]	**5,489**		**11,744**	
Cost of sales[4]	**68,064**		**136,655**	

[1] Per pound of copper produced.

[2] By-product credits are computed as revenue per financial statements, including amortization of deferred revenue and pricing and volume adjustments. For more information, please see the realized price reconciliation table on page 41 of this MD&A.

[3] Depreciation is based on concentrate sold.

[4] As per consolidated financial statements

Consolidated	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
All-in sustaining cash cost per pound of copper produced	**$000s**	**$/lb**	$000s	$/lb	**$000s**	**$/lb**	$000s	$/lb
Cash cost, net of by-product credits	**15,487**	**0.16**	69,652	1.08	**231,365**	**0.80**	197,931	0.86
Cash sustaining capital expenditures	**87,609**	**0.87**	60,002	0.92	**255,924**	**0.88**	255,725	1.11
Capitalized exploration	**5,150**	**0.05**	11,500	0.18	**5,150**	**0.02**	11,500	0.05
Royalties	**1,032**	**0.01**	1,750	0.03	**5,569**	**0.02**	11,144	0.05
Sustaining cash cost, net of by-product credits	**109,278**	**1.09**	142,904	2.21	**498,008**	**1.72**	476,300	2.07
Corporate selling and administrative expenses & regional costs	**12,727**	**0.13**	11,876	0.19	**43,516**	**0.14**	38,799	0.17
Accretion and amortization of decommissioning and community agreements[1]	**8,967**	**0.09**	722	0.01	**16,036**	**0.06**	4,416	0.02
All-in sustaining cash cost, net of by-product credits	**130,972**	**1.31**	155,502	2.41	**557,560**	**1.92**	519,515	2.26
Reconciliation to property, plant and equipment additions:								
Property, plant and equipment additions	**54,040**		76,933		**212,622**		259,281	
Capitalized stripping net additions	**40,861**		15,169		**111,247**		89,262	
Total accrued capital additions	**94,901**		92,102		**323,869**		348,543	
Less other non-sustaining capital costs[2]	**19,945**		41,850		**105,769**		147,749	
Total sustaining capital costs	**74,956**		50,252		**218,100**		200,794	
Capitalized lease cash payments - operating sites	**8,708**		5,848		**24,983**		33,271	
Community agreement cash payments	**2,274**		2,854		**6,706**		9,486	
Accretion and amortization of decommissioning and restoration obligations [3]	**1,671**		1,048		**6,135**		12,174	
Cash sustaining capital expenditures	**87,609**		60,002		**255,924**		255,725	

[1] Includes accretion of decommissioning liability relating to non-producing sites, and accretion and amortization of community agreements capitalized to Other assets.

[2] Other non-sustaining capital costs include Arizona capitalized costs, capitalized interest, capitalized exploration, right-of-use lease asset additions and growth capital expenditures.

[3] Includes amortization of decommissioning and restoration PP&E assets and accretion of decommissioning and restoration liabilities related to producing sites.

Peru	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Sustaining cash cost per pound of copper produced	**$000s**	**$/lb**	$000s	$/lb	**$000s**	**$/lb**	$000s	$/lb
Cash cost, net of by-product credits	**39,697**	**0.54**	80,193	1.34	**237,969**	**1.07**	312,096	1.58
Cash sustaining capital expenditures	**42,351**	**0.58**	31,240	0.53	**151,947**	**0.69**	133,313	0.68
Capitalized exploration[1]	**5,150**	**0.07**	11,500	0.19	**5,150**	**0.02**	11,500	0.06
Royalties	**1,456**	**0.02**	1,656	0.03	**5,615**	**0.03**	5,367	0.03
Sustaining cash cost per pound of copper produced	**88,654**	**1.21**	124,589	2.09	**400,681**	**1.81**	462,276	2.35

[1] Only includes exploration costs incurred for locations near to existing mine operations.

British Columbia	Three months ended		Year ended	
	Dec. 31, 2023		**Dec. 31, 2023**	
Sustaining cash cost per pound of copper produced	**$000s**	**$/lb**	**$000s**	**$/lb**
Cash cost, net of by-product credits	**50,094**	**2.67**	**104,861**	**2.49**
Cash sustaining capital expenditures	**24,063**	**1.28**	**38,550**	**0.92**
Royalties	**(424)**	**(0.02)**	**(187)**	**-**
Sustaining cash cost per pound of copper produced	**73,733**	**3.93**	**143,224**	**3.41**

Gold Cash Cost and Gold Sustaining Cash Cost

Cash cost per ounce of gold produced ("gold cash cost") is a non-IFRS measure that management uses as a key performance indicator to assess the performance of our Manitoba operations. This alternative cash cost calculation designates gold as the primary metal of production as it represents a substantial component of revenues for our Manitoba business unit and should therefore be less volatile over time than Manitoba cash cost per pound of copper. The calculation is presented in three manners:

- **Gold cash cost, before by-product credits -** This measure is gross of by-product revenues and is a function of the efforts and costs incurred to mine and process all ore mined. However, the measure divides this aggregate cost over only ounces of gold produced, the assumed primary metal of production. This measure is generally less volatile from period to period, as it is not affected by changes in the price received for by-product metals.

- **Gold cash cost, net of by-product credits -** In order to calculate the net cost to produce and sell gold, the net of by-product credits measure subtracts the revenues realized from the sale of the metals other than gold. The by-product revenues from copper, zinc, and silver are significant and are integral to the economics of our Manitoba operation. The economics that support our decision to produce and sell gold would be different if we did not receive revenues from the other significant metals being extracted and processed. This measure provides management and investors with an indication of the minimum gold price consistent with positive operating margins, assuming realized by-product metal prices are consistent with those prevailing during the reporting period. It also serves as an important operating statistic that management and investors utilize to measure our operating performance at our Manitoba operation versus that of our competitors. However, it is important to understand that if by-product metal prices decline alongside gold prices, the gold cash cost net of by-product credits would increase, requiring a higher gold price than that reported to maintain positive cash flows and operating margins.

- **Gold sustaining cash cost, net of by-product credits -** This measure is an extension of gold cash cost that includes cash sustaining capital expenditures, capitalized exploration, net smelter returns royalties, as well as accretion and amortization for expected decommissioning activities for producing assets. It does not include corporate selling and administrative expenses. It provides a more fulsome measurement of the cost of sustaining production than gold cash cost, which is focused on operating costs only.

The tables below present a detailed build-up of gold cash cost and gold sustaining cash cost, net of by-product credits, for the Manitoba business unit, and reconciliations between gold cash cost, net of by-product credits, to the most comparable IFRS measures of cost of sales for the three months and year ended December 31, 2023 and 2022. Gold cash cost, net of by-product credits, may not calculate exactly based on amounts presented in the tables below due to rounding.

Manitoba	Three months ended		Year ended	
(in thousands)	**Dec. 31, 2023**	Dec. 31, 2022	**Dec. 31, 2023**	Dec. 31, 2022
Net ounces of gold produced[1]	**59,863**	33,060	**187,363**	161,471

[1] Contained gold in concentrate and doré.

Manitoba	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Cash cost per ounce of gold produced	**$000s**	**$/oz[1]**	$000s	$/oz[1]	**$000s**	**$/oz[1]**	$000s	$/oz[1]
Mining	**40,236**	**673**	38,112	1,153	**161,090**	**860**	192,704	1,193
Milling	**15,346**	**256**	14,868	450	**62,310**	**333**	73,903	458
Refining (zinc)	**-**	**-**	-	-	**-**	**-**	32,755	203
G&A	**8,385**	**140**	6,452	195	**34,727**	**185**	62,439	387
Onsite costs	**63,967**	**1,069**	59,432	1,798	**258,127**	**1,378**	361,801	2,241
Treatment & refining	**11,189**	**186**	8,006	242	**37,488**	**200**	29,349	181
Freight & other	**6,765**	**113**	6,448	195	**23,576**	**126**	29,531	183
Cash cost, before by-product credits	**81,921**	**1,368**	73,886	2,235	**319,191**	**1,704**	420,681	2,605
By-product credits	**(55,928)**	**(934)**	(43,407)	(1,313)	**(183,056)**	**(977)**	(372,783)	(2,308)
Gold cash cost, net of by-product credits	**25,993**	**434**	30,479	922	**136,135**	**727**	47,898	297

Manitoba	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Supplementary cash cost information	**$000s**	**$/oz [1]**	$000s	$/oz[1]	**$000s**	**$/oz [1]**	$000s	$/oz [1]
By-product credits[2]:								
Copper	**31,489**	**526**	15,382	465	**91,126**	**487**	122,785	760
Zinc	**18,473**	**308**	24,744	748	**74,842**	**399**	224,043	1,388
Silver[3]	**5,966**	**100**	2,567	78	**16,849**	**90**	20,581	127
Other	**-**	**-**	714	22	**239**	**1**	5,374	33
Total by-product credits	**55,928**	**934**	43,407	1,313	**183,056**	**977**	372,783	2,308
Reconciliation to IFRS:								
Cash cost, net of by-product credits	**25,993**		30,479		**136,135**		47,898	
By-product credits	**55,928**		43,407		**183,056**		372,783	
Treatment and refining charges	**(11,189)**		(8,006)		**(37,488)**		(29,349)	
Past service curtailment	**-**		(2,384)		**-**		(2,384)	
Share-based compensation expenses	**216**		395		**444**		343	
Inventory adjustments	**1,402**		7		**2,308**		4,111	
Change in product inventory	**12,809**		(740)		**1,805**		28,223	
Royalties	**-**		94		**141**		5,777	
Depreciation and amortization[4]	**30,601**		21,152		**104,266**		126,572	
Cost of sales[5]	**115,760**		84,404		**390,667**		553,974	

[1] Per ounce of gold produced.

[2] By-product credits are computed as revenue per financial statements, amortization of deferred revenue and pricing and volume adjustments. For more information, please see the realized price reconciliation table on page 41 of this MD&A.

[3] Silver by-product credits do not include variable consideration adjustments with respect to stream arrangements.

[4] Depreciation is based on concentrate sold.

[5] As per consolidated financial statements.

Manitoba	Three months ended				Year ended			
	Dec. 31, 2023		Dec. 31, 2022		**Dec. 31, 2023**		Dec. 31, 2022	
Sustaining cash cost per ounce of gold produced	**$000s**	**$/oz**	$000s	$/oz	**$000s**	**$/oz**	$000s	$/oz
Gold cash cost, net of by-product credits	**25,993**	**434**	30,479	922	**136,135**	**727**	47,898	297
Cash sustaining capital expenditures	**21,195**	**354**	28,762	870	**65,427**	**349**	122,412	758
Royalties	**-**	**-**	94	3	**141**	**1**	5,777	36
Sustaining cash cost per ounce of gold produced	**47,188**	**788**	59,335	1,795	**201,703**	**1,077**	176,087	1,091

Combined Unit Cost

Combined unit cost ("unit cost") and zinc plant unit cost is a non-IFRS measure that management uses as a key performance indicator to assess the performance of our mining and milling operations. Combined unit cost is calculated by dividing the cost of sales by mill throughput. This measure is utilized by management and investors to assess our cost structure and margins and compare it to similar information provided by other companies in our industry. Unlike cash cost, this measure is not impacted by variability in by-product commodity prices since there are no by-product deductions; costs associated with profit-sharing and similar costs are excluded because of their correlation to external metal prices. In addition, the unit costs are reported in the functional currency of the operation which minimizes the impact of foreign currency fluctuations. In all, the unit cost measures provide an alternative perspective on operating cost performance with minimal impact from external market prices.

The tables below present a detailed combined unit cost for the Peru and Manitoba business unit, and reconciliations between these measures to the most comparable IFRS measures of cost of sales for the year ended months ended December 31, 2023 and 2022.

Peru	Three months ended		Year ended	
(in thousands except unit cost per tonne)	**Dec. 31,**	Dec. 31,	**Dec. 31,**	Dec. 31,
Combined unit cost per tonne processed	**2023**	2022	**2023**	2022
Mining	**30,336**	41,647	**122,651**	137,546
Milling	**50,199**	50,723	**198,062**	195,152
G&A[1]	**24,909**	14,817	**77,154**	63,015
Less: Other G&A[2]	**(8,303)**	(152)	**(14,824)**	(414)
	97,141	107,035	**383,043**	395,299
Less: COVID-19 related costs	**-**	689	**-**	5,214
Unit cost	**97,141**	106,346	**383,043**	390,085
Tonnes ore milled	**7,939**	7,796	**30,721**	30,522
Combined unit cost per tonne	**12.24**	13.64	**12.47**	12.78
Reconciliation to IFRS:				
Unit cost	**97,141**	106,346	**383,043**	390,085
Freight & other	**20,854**	15,607	**62,745**	50,284
COVID-19 related costs	**-**	689	**-**	5,214
Other G&A	**8,303**	152	**14,824**	414
Share-based compensation expenses	**85**	95	**145**	77
Inventory adjustments	**-**	-	**-**	(558)
Change in product inventory	**8,048**	(15,685)	**28,128**	(31,348)
Royalties	**1,456**	1,656	**5,615**	5,367
Depreciation and amortization	**85,722**	58,256	**275,647**	211,043
Cost of sales[3]	**221,609**	167,116	**770,147**	630,578

[1] G&A as per cash cost reconciliation above.

[2] Other G&A primarily includes profit sharing costs.

[3] As per consolidated financial statements.

Manitoba	Three months ended		Year ended	
(in thousands except tonnes ore milled and unit cost per tonne)	**Dec. 31,**	Dec. 31,	**Dec. 31,**	Dec. 31,
Combined unit cost per tonne processed	**2023**	2023	**2023**	2022
Mining	**40,236**	38,112	**161,090**	192,704
Milling	**15,346**	14,868	**62,310**	73,903
G&A[1]	**8,385**	6,452	**34,727**	62,439
Less: G&A allocated to zinc metal production and other areas	**-**	-	**-**	(6,523)
Less: Other G&A related to profit sharing costs	**(1,522)**	1,939	**(6,650)**	(20,075)
Unit cost	**62,445**	61,371	**251,477**	302,448
USD/CAD implicit exchange rate	**1.36**	1.36	**1.35**	1.30
Unit cost - C$	**85,013**	83,363	**339,229**	391,782
Tonnes ore milled	**393,837**	345,492	**1,562,479**	2,008,251
Combined unit cost per tonne - C$	**216**	241	**217**	195
Reconciliation to IFRS:				
Unit cost	**62,445**	61,371	**251,477**	302,448
Freight & other	**6,765**	6,448	**23,576**	29,531
Refined (zinc)	**-**	-	**-**	32,755
G&A allocated to zinc metal production	**-**	-	**-**	6,523
Other G&A related to profit sharing	**1,522**	(1,939)	**6,650**	20,075
Share-based compensation expenses	**216**	395	**444**	343
Inventory adjustments	**1,402**	7	**2,308**	4,111
Past service pension/Curtailment	**-**	(2,384)	**-**	(2,384)
Change in product inventory	**12,809**	(740)	**1,805**	28,223
Royalties	**-**	94	**141**	5,777
Depreciation and amortization	**30,601**	21,152	**104,266**	126,572
Cost of sales[2]	**115,760**	84,404	**390,667**	553,974

[1] G&A as per cash cost reconciliation above.

[2] As per IFRS financial statements.

British Columbia	Three months ended	Year ended
(in thousands except unit cost per tonne)		
Combined unit cost per tonne processed	**Dec. 31, 2023**	**Dec. 31, 2023**
Mining	**19,015**	**48,266**
Milling	**25,218**	**49,320**
G&A[1]	**5,643**	**10,693**
Unit cost	**49,876**	**108,279**
USD/CAD implicit exchange rate	**1.37**	**1.36**
Unit cost - C$	**68,168**	**146,734**
Tonnes ore milled	**3,262**	**6,862**
Combined unit cost per tonne C$	**20.90**	**21.38**
Reconciliation to IFRS:		
Unit cost	**49,876**	**108,279**
Freight & other	**4,654**	**8,347**
Change in product inventory	**8,469**	**8,472**
Royalties	**(424)**	**(187)**
Depreciation and amortization	**5,489**	**11,744**
Cost of sales[3]	**68,064**	**136,655**

[1] G&A as per cash cost reconciliation above.

[2] Other G&A primarily includes profit sharing costs.

[3] As per consolidated financial statements.

Manitoba	Three months ended	Year ended
(in thousands except zinc plant unit cost per pound)		
Zinc plant unit cost [1]	December 31, 2022	December 31, 2022
Zinc plant costs	-	32,755
G&A [2]	6,452	62,439
Less: G&A allocated to other areas	(8,391)	(35,841)
Less: Other G&A related to profit sharing	1,939	(20,075)
Zinc plant unit cost	-	39,278
USD/CAD implicit exchange rate	-	1.27
Zinc plant unit cost - C$	-	50,036
Refined metal produced (in pounds)	-	83,542
Zinc plant unit cost per pound - C$	-	0.60
Reconciliation to IFRS:		
Zinc plant unit cost	-	39,278
Freight & other	6,448	29,531
Mining	38,112	192,704
Milling	14,868	73,903
G&A allocated to other areas	8,391	35,841
Other G&A related to profit sharing	(1,939)	20,075
Share-based payment	395	343
Inventory adjustments	7	4,111
Past service pension/Curtailment	(2,384)	(2,384)
Change in product inventory	(740)	28,223
Royalties	94	5,777
Depreciation and amortization	21,152	126,572
Cost of sales[3]	84,404	553,974

[1] The zinc plant ceased operations in June 2022. Prior year comparative information is disclosed above.

[2] G&A as per cash cost reconciliation above.

[3] As per IFRS financial statements.

ACCOUNTING CHANGES

New standards and interpretations adopted and not yet adopted

For information on new standards and interpretations adopted and not yet adopted, refer to note 4 of our consolidated financial statements for the year ended December 31, 2023.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires us to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

We review these estimates and underlying assumptions on an ongoing basis based on our experience and other factors, including expectations of future events that we believe to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Certain accounting estimates and judgements have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgements about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates.

The following are significant judgements and estimates impacting the consolidated financial statements:

- Judgements and estimates that affect multiple areas of the consolidated financial statements:
  - Mineral reserves and resources which form the basis of life of mine plans which are utilized in impairment testing, timing of payments related to decommissioning obligations and depreciation of capital assets. We estimate our mineral reserves and resources based on information compiled by qualified persons as defined in accordance with NI 43-101;
  - Income and mining taxes, including estimates of future taxable profit which impacts the ability to realize deferred tax assets on our balance sheet; and
  - In respect of the outcome of uncertain future events as it concerns recognizing contingent liabilities.
- Judgements and estimates that relate mainly to assets (these judgements may also affect other areas of the consolidated financial statements):
  - Property, plant and equipment:
    - Cost allocations for mine development;
    - Mining properties expenditures capitalized;
    - Classification of supply costs as related to capital development or inventory acquisition;
    - Determining when exploration and evaluation assets should be transferred to capital works in progress within property, plant and equipment;
    - Determination of when an asset or group of assets is in the condition and location to be ready for use as intended by management for the purposes of commencing depreciation;
    - Componentization;
    - Assessment of impairment, including determination of cash generating units and assessing for indicators of impairment;
    - Recoverability of exploration and evaluation assets, including determination of cash generating units and assessing for indications of impairment;
    - Units of production depreciation;
    - Plant and equipment estimated useful lives and residual values;
    - Capitalized stripping costs; and
    - Finite life intangible assets.
  - Impairment (and reversal of impairment) of non-financial assets:
    - Future production levels and timing;
    - Operating and capital costs;
    - Future commodity prices;
    - Foreign exchange rates; and
    - Risk adjusted discount rates; and
  - In process inventory quantities, inventory cost allocations and inventory valuation.
- Judgements and estimates that relate mainly to liabilities (these judgements may also affect other areas of the consolidated financial statements):
  - Determination of deferred revenue per unit related to the precious metals stream transactions and determination of current portion of deferred revenue, which is based on timing of future sales, and adjustments of the expected conversion of resource to reserves;
  - Pensions and other employee benefits; and
  - Decommissioning, restoration and similar liabilities including estimated future costs and timing of spending.
- Estimates that relate mainly to the consolidated income statements:
  - Assaying used to determine revenues and recoverability of inventories.

For more information on judgements and estimates, refer to note 2 of our consolidated financial statements for the year ended December 31, 2023.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P")

Management is responsible for establishing and maintaining adequate DC&P. As of December 31, 2023, we have evaluated the effectiveness of the design and operation of our DC&P in accordance with requirements of National Instrument 52-109 of the Canadian Securities Commission ("NI 52-109") and the Sarbanes Oxley Act of 2002 (as adopted by the US Securities and Exchange Commission). Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") supervised and participated in this evaluation.

As of December 31, 2023, based on management's evaluation, our CEO and CFO concluded that our DC&P were effective to ensure that information required to be disclosed by us in reports we file or submit is recorded, processed, summarized and reported within the time periods specified in securities legislation and is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

Internal control over financial reporting ("ICFR")

Management of Hudbay is responsible for establishing and maintaining adequate ICFR. Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our ICFR as of December 31, 2023 based upon the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management's evaluation, our CEO and CFO concluded that our ICFR was effective as of December 31, 2023.

The effectiveness of the Company's ICFR as of December 31, 2023 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm as stated in their report immediately preceding the Company's consolidated financial statements for the year ended December 31, 2023.

Limitation on Scope of Design

Management has determined to limit the scope of design of disclosure controls and procedures ("DC&P") and ICFR to exclude controls, policies and procedures of Copper Mountain, which Hudbay acquired on June 20, 2023. This scope of limitation is in accordance with section 3.3(1)(b) of NI 52-109 and SEC staff guidance, which allows for an issuer to limit the design of DC&P or ICFR to exclude a business that the issuer acquired not more than 365 days before the end of the financial period to which the Chief Executive Officer's and Chief Financial Officer's certification of annual filings relate. Copper Mountain's financial statements constitute 34% and 19% of net and total assets, respectively, 10% of revenues, and 19% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2023.

Changes in ICFR

Notwithstanding the limitation on scope of design discussed above, we did not make any changes to ICFR during the year ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, our ICFR.

Inherent limitations of controls and procedures

All internal control systems, no matter how well designed, have inherent limitations. As a result, even systems determined to be effective may not prevent or detect misstatements on a timely basis, as systems can provide only reasonable assurance that the objectives of the control system are met. In addition, projections of any evaluation of the effectiveness of ICFR to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

NOTES TO READER

Forward-Looking Information

This MD&A contains forward-looking information within the meaning of applicable Canadian and United States securities legislation. All information contained in this MD&A, 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 MD&A is qualified by this cautionary note.

Forward-looking information includes, but is not limited to, statements with respect to our production, cost and capital and exploration expenditure guidance, expectations regarding reductions in discretionary spending and capital expenditures, our ability to stabilize and optimize the Copper Mountain mine operation, and achieve operating synergies, the fleet production ramp up plan and the accelerated stripping strategies at the Copper Mountain site, our ability to complete business integration activities at the Copper Mountain mine, the estimated timelines and pre-requisites for sanctioning the Copper World project and the pursuit of a potential minority joint venture partner, expectations regarding the permitting requirements for the Copper World project (including expected timing for receipt of such applicable permits), the expected benefits of Manitoba growth initiatives, including the advancement of the development and exploration drift at the 1901 deposit; the anticipated use of proceeds from the flow-through financing completed during the fourth quarter of 2023, our future deleveraging strategies and our ability to deleverage and repay debt as needed, expectations regarding our cash balance and liquidity, our ability to increase the mining rate at Lalor, the anticipated benefits from completing the Stall recovery improvement program, expectations regarding the ability to conduct exploration work and execute on exploration programs on its properties and to advance related drill plans, including the advancement of the exploration program at Maria Reyna and Caballito, the ability to continue mining higher-grade ore in the Pampacancha pit and our expectations resulting therefrom, expectations regarding our ability to further reduce greenhouse gas emissions, our evaluation and assessment of opportunities to reprocess tailings using various metallurgical technologies, expectations regarding the prospective nature of the Maria Reyna and Caballito properties, the anticipated impact of brownfield and greenfield growth projects on our performance, anticipated expansion opportunities and extension of mine life in Snow Lake and our ability to find a new anchor deposit near our Snow Lake operations, anticipated future drill programs and exploration activities and any results expected therefrom, anticipated mine plans, anticipated metals prices and the anticipated sensitivity of our financial performance to metals prices, events that may affect our operations and development projects, 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 us 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 we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to:

- the ability to achieve production, cost and capital and exploration expenditure guidance;
- the ability to achieve discretionary spending reductions without impacting operations;
- no significant interruptions to our operations due to social or political unrest in the regions we operate, including the navigation of the complex political and social environment in Peru;
- no interruptions to our plans for advancing the Copper World project, including with respect to timely receipt of applicable permits;
- our ability to successfully complete the integration and optimization of the Copper Mountain operations, achieve operating synergies and develop and maintain good relations with key stakeholders;
- the ability to execute on its exploration plans, including the potential ramp up of exploration in respect of the Maria Reyna and Caballito properties and to advance related drill plans;
- the success of mining, processing, exploration and development activities;

- the scheduled maintenance and availability of our processing facilities;
- the accuracy of geological, mining and metallurgical estimates;
- anticipated metals prices and the costs of production;
- the supply and demand for metals we produce;
- the supply and availability of all forms of energy and fuels at reasonable prices;
- no significant unanticipated operational or technical difficulties;
- the execution of our business and growth strategies, including the success of our strategic investments and initiatives;
- the availability of additional financing, if needed;
- the ability to deleverage and repay debt as needed;
- the ability to complete project targets on time and on budget and other events that may affect our ability to develop our projects;
- the timing and receipt of various regulatory and governmental approvals;
- the availability of personnel for our exploration, development and operational projects and ongoing employee relations;
- maintaining good relations with the employees at our operations;
- maintaining good relations with the labour unions that represent certain of our employees in Manitoba and Peru;
- maintaining good relations with the communities in which we operate, including the neighbouring Indigenous communities and local governments;
- no significant unanticipated challenges with stakeholders at our various projects;
- no significant unanticipated events or changes relating to regulatory, environmental, health and safety matters;
- no contests over title to our properties, including as a result of rights or claimed rights of Indigenous peoples or challenges to the validity of our unpatented mining claims;
- 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, changes in taxation policies 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).

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 related to the ongoing business integration of Copper Mountain and the process for designing, implementing and maintaining effective internal controls for Copper Mountain the failure to effectively complete the integration and optimization of the Copper Mountain operations, or to achieve anticipated operating synergies, political and social risks in the regions we operate, including the navigation of the complex political and social environment in Peru, risks generally associated with the mining industry and the current geopolitical environment, including future commodity prices, currency and interest rate fluctuations, energy and consumable prices, supply chain constraints and general cost escalation in the current inflationary environment, risks related to the renegotiation of collective bargaining agreements with the labour unions representing certain of our employees in Manitoba and Peru uncertainties related to the development and operation of our projects, the risk of an indicator of impairment or impairment reversal relating to a material mineral property, risks related to the Copper World project, including in relation to permitting, project delivery and financing risks, risks related to the Lalor mine plan, including the ability to convert inferred mineral resource estimates to higher confidence categories, dependence on key personnel and employee and union relations, risks related to political or social instability, unrest or change, risks in respect of Indigenous and community relations, rights and title claims, operational risks and hazards, including the cost of maintaining and upgrading our tailings management facilities and any 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 our reserves, volatile financial markets and interest rates that may affect our 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, our ability to comply with our pension and other post-retirement obligations, our ability to abide by the covenants in our debt instruments and other material contracts, tax refunds, hedging transactions, as well as the risks discussed under the heading "Risk Factors" in our most recent Annual Information Form and under the heading "Financial Risk Management" in this MD&A, each of which is available on the company's SEDAR+ profile at www.sedarplus.ca and the company's EDGAR profile at www.sec.gov.

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. We do not assume any obligation to update or revise any forward-looking information after the date of this MD&A or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

Note to United States Investors

This MD&A 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.

Qualified Person and NI 43-101

The technical and scientific information in this MD&A related to our material mineral projects has been approved by Olivier Tavchandjian, P. Geo, Senior Vice President, Exploration and Technical Services. Mr. Tavchandjian is a qualified person pursuant to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

For a description of the key assumptions, parameters and methods used to estimate mineral reserves and resources at Hudbay's material properties, 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 our material properties as filed by us on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov..

HUDBAY

SUMMARY OF HISTORICAL RESULTS

The following unaudited tables set out a summary of quarterly and annual results for the Company.

		2023 [4]	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022 [4]	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2021 [4]	Q4 2021
Consolidated Financial Condition ($000s)													
Cash		**$ 249,794**	**$ 249,794**	$ 245,217	$ 179,734	$ 255,563	$ 225,665	$ 225,665	$ 286,117	$ 258,556	$ 213,359	$ 270,989	$ 270,989
Total long-term debt		**1,287,536**	**1,287,536**	1,377,443	1,370,682	1,225,023	1,184,162	1,184,162	1,183,237	1,182,143	1,181,119	1,180,274	1,180,274
Net debt [1]		**1,037,742**	**1,037,742**	1,132,226	1,190,948	969,460	958,497	958,497	897,120	923,587	967,760	909,285	909,285
Consolidated Financial Performance ($000s except per share amounts)													
Revenue		**$1,690,030**	**$ 602,189**	$ 480,456	$ 312,166	$ 295,219	$ 1,461,440	$ 321,196	$ 346,171	$ 415,454	$ 378,619	$1,501,998	$ 425,170
Cost of sales		**1,297,469**	**405,433**	374,057	289,273	228,706	1,184,552	251,520	313,741	325,940	293,351	1,370,979	343,426
Earnings (loss) before		**151,830**	**80,982**	84,149	(30,731)	17,430	95,815	(14,287)	(263)	21,504	88,861	(202,751)	(149)
Earnings (loss)		**69,543**	**33,528**	45,490	(14,932)	5,457	70,382	(17,441)	(8,135)	32,143	63,815	(244,358)	(10,453)
Basic and diluted earnings (loss) per share		$ 0.22	**$ 0.10**	$ 0.13	$ (0.05)	$ 0.02	$ 0.27	$ (0.07)	$ (0.03)	$ 0.12	$ 0.24	$ (0.93)	$ (0.04)
Adjusted earnings (loss) per share [1]		$ 0.23	**$ 0.20**	$ 0.07	$ (0.07)	$ 0.00	$ 0.10	$ 0.01	$ (0.05)	$ 0.12	$ 0.02	$ 0.09	$ 0.13
Operating cash flow before change in non-cash working capital		**569,994**	**246,528**	181,980	55,878	85,608	391,729	109,148	81,617	123,911	77,053	483,862	156,917
Adjusted EBITDA (in $ millions) [1]		**647.8**	**274.4**	190.7	81.2	101.9	475.9	124.7	99.3	141.4	110.2	547.8	180.8
Consolidated Operational Performance													
Contained metal in concentrate and doré produced [2]													
Copper	*tonne*	**131,691**	**45,450**	41,964	21,715	22,562	104,173	29,305	24,498	25,668	24,702	99,470	28,198
Gold	*ounc*	**310,429**	**112,776**	101,417	48,996	47,240	219,700	53,920	53,179	58,645	53,956	193,783	64,159
Silver	*ounc*	**3,575,234**	**1,197,082**	1,063,032	612,310	702,809	3,161,294	795,015	717,069	864,853	784,357	3,045,481	899,713
Zinc	*tonne*	**34,642**	**5,747**	10,291	8,758	9,846	55,381	6,326	9,750	17,053	22,252	93,529	23,207
Molybdenum	*tonne*	**1,566**	**397**	466	414	289	1,377	344	437	390	207	1,146	275
Payable metal in concentrate and doré sold													
Copper	*tonne*	**124,996**	**44,006**	39,371	23,078	18,541	94,473	25,415	24,799	23,650	20,609	92,200	24,959
Gold	*ounc*	**276,893**	**104,840**	74,799	47,533	49,720	213,415	47,256	66,932	50,884	48,343	168,358	56,927
Silver	*ounc*	**3,145,166**	**1,048,877**	748,955	805,448	541,884	2,978,485	559,306	816,416	738,171	864,591	2,427,508	638,640
Zinc [3]	*tonne*	**28,779**	**7,385**	7,125	8,641	5,628	59,043	8,230	12,714	20,793	17,306	96,435	21,112
Molybdenum	*tonne*	**1,462**	**468**	426	314	254	1,352	421	511	208	213	1,098	245
Cash cost [1]	*$/lb*	**$ 0.80**	**$ 0.16**	$ 1.10	$ 1.60	$ 0.85	$ 0.86	$ 1.08	$ 0.58	$ 0.65	$ 1.11	$ 0.74	$ 0.51
Sustaining cash cost [1]	*$/lb*	**$ 1.72**	**$ 1.09**	$ 1.89	$ 2.73	$ 1.83	$ 2.07	$ 2.21	$ 1.91	$ 1.87	$ 2.29	$ 2.07	$ 1.95
All-in sustaining cash cost [1]	*$/lb*	**$ 1.92**	**$ 1.31**	$ 2.04	$ 2.98	$ 2.07	$ 2.26	$ 2.41	$ 2.16	$ 1.93	$ 2.54	$ 2.30	$ 2.20

[1] Net debt, adjusted earnings (loss) per share, adjusted EBITDA, cash cost, sustaining cash cost and all-in sustaining cash cost per pound of copper produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A. The above table sets forth selected non-IFRS financial performance measures for each of our nine most recently completed quarters and three most recently completed years; detailed reconciliations for non-comparable prior periods can be found in our MD&A for these prior periods in the "Non-IFRS Financial Performance Measures" section of these documents.

[2] Metal reported in concentrate is prior to deductions associated with smelter contract terms.

[3] Includes refined zinc metal sold.

[4] Annual consolidated results may not calculate based on amounts presented in this table due to rounding.

		2023 [5]	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022 [5]	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2021 [5]	Q4 2021
Peru Operations													
Constancia													
ore mined[1]	*tonnes*	**9,265,954**	**973,176**	1,242,198	3,647,399	3,403,181	25,840,435	5,614,918	6,300,252	7,017,114	6,908,151	29,714,327	7,742,469
Copper	*%*	**0.32**	**0.30**	0.30	0.31	0.34	0.35	0.40	0.36	0.33	0.32	0.31	0.33
Gold	*g/tonne*	**0.04**	**0.04**	0.04	0.04	0.04	0.04	0.04	0.05	0.04	0.04	0.04	0.04
Silver	*g/tonne*	**2.53**	**2.26**	2.91	2.49	2.52	3.40	3.48	3.38	3.53	3.22	2.88	2.81
Molybdenum	*%*	**0.01**	**0.01**	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Pampacancha													
ore mined[1]	*tonnes*	**14,756,416**	**5,556,613**	5,894,013	2,408,495	897,295	8,319,250	3,771,629	2,488,928	1,211,387	847,306	5,141,001	2,107,196
Copper	*%*	**0.51**	**0.56**	0.53	0.36	0.49	0.33	0.37	0.29	0.29	0.27	0.27	0.27
Gold	*g/tonne*	**0.33**	**0.32**	0.30	0.34	0.52	0.29	0.29	0.23	0.28	0.43	0.30	0.34
Silver	*g/tonne*	**4.28**	**4.84**	4.22	2.81	5.12	4.06	3.84	4.30	4.25	4.06	4.02	4.26
Molybdenum	*%*	**0.01**	**0.01**	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Strip Ratio		**1.51**	**1.26**	1.36	1.74	1.84	1.13	0.97	1.26	1.22	1.10	1.02	0.95
Ore milled	*tonnes*	**30,720,929**	**7,939,044**	7,895,109	7,223,048	7,663,728	30,522,294	7,795,735	7,742,020	7,770,706	7,213,833	28,809,755	8,048,925
Copper	*%*	**0.39**	**0.48**	0.43	0.31	0.33	0.34	0.41	0.34	0.32	0.31	0.32	0.33
Gold	*g/tonne*	**0.16**	**0.25**	0.21	0.09	0.08	0.09	0.12	0.08	0.09	0.08	0.08	0.11
Silver	*g/tonne*	**3.62**	**4.20**	3.75	2.78	3.69	3.58	3.93	3.48	3.64	3.26	3.35	3.67
Molybdenum	*%*	**0.01**	**0.01**	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Copper recovery	*%*	**84.2**	**87.4**	85.2	80.0	81.7	85.0	85.1	84.5	85.0	85.3	84.6	86.0
Gold recovery	*%*	**71.8**	**77.6**	74.8	61.1	56.8	63.6	69.6	61.9	60.3	59.8	64.6	63.6
Silver recovery	*%*	**70.0**	**78.0**	73.2	65.1	60.7	65.7	66.5	65.2	64.2	66.9	63.7	60.8
Molybdenum recovery	*%*	**35.8**	**33.6**	37.2	40.5	34.8	34.8	37.7	41.0	38.8	21.1	31.5	26.7
Contained metal in concentrate													
Copper	*tonnes*	**100,487**	**33,207**	29,081	17,682	20,517	89,395	27,047	22,302	20,880	19,166	77,813	22,856
Gold	*ounces*	**114,218**	**49,418**	40,596	12,998	11,206	58,229	20,860	12,722	13,858	10,789	50,306	17,917
Silver	*ounces*	**2,505,229**	**836,208**	697,211	419,642	552,167	2,309,352	655,257	564,299	584,228	505,568	1,972,949	578,140
Molybdenum	*tonnes*	**1,566**	**397**	466	414	289	1,377	344	437	390	207	1,146	275
Payable metal sold													
Copper	*tonnes*	**96,213**	31,200	27,490	21,207	16,316	79,805	23,789	20,718	18,473	16,825	71,398	20,551
Gold	*ounces*	**97,176**	38,114	32,757	14,524	11,781	49,968	15,116	11,970	8,430	14,452	41,807	16,304
Silver	*ounces*	**2,227,419**	703,679	460,001	671,532	392,207	2,045,678	411,129	513,470	484,946	636,133	1,490,651	380,712
Molybdenum	*tonnes*	**1,462**	468	426	314	254	1,352	421	511	208	213	1,098	245
Unit cost [2,3,4]	*$/tonne*	**$ 12.47**	**$ 12.24**	$ 12.20	$ 14.07	$ 11.47	$ 12.78	$ 13.64	$ 13.06	$ 12.02	$ 12.37	$ 10.70	$ 9.96
Peru cash cost[3]	*$/lb*	**$ 1.07**	**$ 0.54**	$ 0.83	$ 2.14	$ 1.36	$ 1.58	$ 1.34	$ 1.68	$ 1.82	$ 1.54	$ 1.54	$ 1.28
Peru sustaining cash cost[3]	*$/lb*	**$ 1.81**	**$ 1.21**	$ 1.51	$ 3.06	$ 2.12	$ 2.35	$ 2.09	$ 2.46	$ 2.62	$ 2.27	$ 2.46	$ 2.46

[1] Reported tonnes and grade for ore mined are estimates based on mine plan assumptions and may not fully reconcile to ore milled.

[2] Reflects combined mine, mill and general and administrative ("G&A") costs per tonne of ore milled. Reflects the deduction of expected capitalized stripping costs.

[3] Combined unit costs, cash cost, and sustaining cash cost per pound of copper produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A. The above table sets forth selected non-IFRS financial performance measures for each of our nine most recently completed quarters and three most recently completed years; detailed reconciliations for non-comparable prior periods can be found in our MD&A for these prior periods in the "Non-IFRS Financial Performance Measures" section of these documents.

[4] 2022 and 2021 combined unit costs exclude COVID-19 related costs.

[5] Annual consolidated results may not calculate based on amounts presented in this table due to rounding.

		2023 [1]	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022 [1]	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2021 [1]	Q4 2021
Manitoba Operations													
Lalor ore mined	*tonnes*	**1,526,729**	**372,384**	367,491	413,255	373,599	1,516,203	369,453	347,345	412,653	386,752	1,593,141	422,208
Copper	%	**0.86**	**1.04**	1.02	0.81	0.57	0.73	0.73	0.71	0.70	0.80	0.71	0.78
Zinc	%	**3.00**	**2.20**	3.31	3.14	3.32	3.14	2.17	3.27	3.06	4.06	4.23	4.19
Gold	*g/tonne*	**4.74**	**5.92**	5.08	4.07	3.96	4.00	4.00	4.57	3.73	3.76	3.41	3.92
Silver	*g/tonne*	**24.51**	**28.92**	27.80	23.27	18.24	21.96	19.37	21.27	23.95	22.94	24.66	30.35
777 ore mined	*tonnes*	**-**	**-**	-	-	-	484,355	-	-	226,286	258,069	1,053,710	266,744
Copper	%	**-**	**-**	-	-	-	1.12	-	-	1.03	1.19	1.28	1.13
Zinc	%	**-**	**-**	-	-	-	3.83	-	-	3.51	4.12	3.91	4.16
Gold	*g/tonne*	**-**	**-**	-	-	-	1.66	-	-	1.62	1.69	2.03	1.80
Silver	*g/tonne*	**-**	**-**	-	-	-	20.85	-	-	20.63	21.05	25.25	25.02
Stall & New Britannia Concentrator Combined:													
Ore milled	*tonnes*	**1,562,479**	**393,837**	402,443	380,538	385,661	1,510,907	345,492	362,108	406,006	397,301	1,506,756	419,727
Copper	%	**0.85**	**1.03**	0.93	0.82	0.60	0.75	0.73	0.69	0.73	0.82	0.72	0.75
Zinc	%	**3.02**	**2.22**	3.43	3.12	3.31	3.30	2.31	3.33	3.20	4.24	4.30	4.12
Gold	*g/tonne*	**4.71**	**5.82**	4.88	4.13	3.99	4.08	3.98	4.60	3.93	3.87	3.42	3.90
Silver	*g/tonne*	**24.49**	**28.35**	27.02	23.51	19.08	22.15	20.40	20.66	23.98	23.16	24.95	30.07
Copper recovery	%	**91.30**	**91.8**	95.2	89.4	88.8	88.6	89.2	88.3	89.5	87.5	86.8	88.7
Zinc recovery	%	**74.68**	**65.9**	74.6	73.8	84.4	79.0	79.4	80.9	75.5	85.7	88.9	87.4
Gold recovery	%	**61.90**	**62.1**	66.2	57.3	62.0	59.2	58.8	60.9	58.8	58.4	54.9	54.6
Silver recovery	%	**60.88**	**61.5**	64.3	58.9	58.8	58.1	56.1	57.6	58.1	60.0	54.4	53.9
Flin Flon Concentrator:													
Ore milled	*tonnes*	**-**	**-**	-	-	-	497,344	-	-	243,312	254,032	1,133,516	262,565
Copper	%	**-**	**-**	-	-	-	1.11	-	-	1.02	1.20	1.23	1.12
Zinc	%	**-**	**-**	-	-	-	3.87	-	-	3.60	4.13	3.95	4.16
Gold	*g/tonne*	**-**	**-**	-	-	-	1.67	-	-	1.64	1.70	2.04	1.78
Silver	*g/tonne*	**-**	**-**	-	-	-	21.00	-	-	20.76	21.23	24.90	25.04
Copper recovery	%	**-**	**-**	-	-	-	86.7	-	-	85.5	87.6	87.7	86.7
Zinc recovery	%	**-**	**-**	-	-	-	83.0	-	-	82.9	83.2	83.0	83.1
Gold recovery	%	**-**	**-**	-	-	-	57.1	-	-	56.4	57.7	58.5	59.2
Silver recovery	%	**-**	**-**	-	-	-	51.8	-	-	51.0	52.5	45.1	45.6

[1] Annual consolidated results may not calculate based on amounts presented in this table due to rounding.

		2023 [4]	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022 [4]	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2021 [4]	Q4 2021
Manitoba Operations (continued)													
Total Manitoba contained metal in concentrate produced													
Copper	*tonnes*	**12,154**	**3,735**	3,580	2,794	2,045	14,778	2,258	2,196	4,788	5,536	21,657	5,342
Zinc	*tonnes*	**34,642**	**5,747**	10,291	8,758	9,846	55,381	6,326	9,750	17,053	22,252	93,529	23,207
Gold	*ounces*	**147,124**	**45,719**	41,810	28,948	30,647	132,764	25,961	32,570	37,346	36,887	134,475	37,644
Silver	*ounces*	**754,093**	**220,684**	224,826	169,519	139,064	799,108	127,099	138,615	264,651	268,743	1,066,003	315,054
Precious metal in doré produced													
Gold	*ounces*	**40,239**	**14,144**	14,403	6,305	5,387	28,707	7,099	7,887	7,441	6,280	9,002	8,598
Silver	*ounces*	**97,630**	**34,895**	39,926	11,231	11,578	52,834	12,659	14,155	15,974	10,046	6,529	6,519
Total Manitoba payable metal sold in concentrate and doré													
Copper	*tonnes*	**10,708**	**3,687**	2,925	1,871	2,225	14,668	1,626	4,081	5,177	3,784	20,802	4,408
Zinc[1]	*tonnes*	**28,779**	**7,385**	7,125	8,641	5,628	59,043	8,230	12,714	20,793	17,306	96,435	21,112
Gold	*ounces*	**171,297**	**63,635**	36,713	33,009	37,939	163,447	32,140	54,962	42,454	33,891	126,551	40,623
Silver	*ounces*	**728,304**	**246,757**	197,952	133,916	149,677	932,807	148,177	302,946	253,225	228,458	936,857	257,928
Combined unit cost [2,3]	*C$/tonne*	**$ 217**	**$ 216**	$ 217	$ 220	$ 216	$ 195	$ 241	$ 235	$ 168	$ 176	$ 154	$ 168
Gold cash cost [3, 5]	*$/oz*	**$ 727**	**$ 434**	$ 670	$ 1,097	$ 938	$ 297	$ 922	$ 216	$ (207)	$ 416	$ -	$ -
Sustaining gold cash cost [3,5]	*$/oz*	**$ 1,077**	**$ 788**	$ 939	$ 1,521	$ 1,336	$ 1,091	$ 1,795	$ 1,045	$ 519	$ 1,187	$ -	$ -

[1] Includes refined zinc metal sold.

[2] Reflects combined mine, mill and G&A costs per tonne of milled ore.

[3] Combined unit costs, cash cost, and sustaining cash cost per pound of copper produced, cash cost, and sustaining cash cost per ounce of gold produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A. The above table sets forth selected non-IFRS financial performance measures for each of our nine most recently completed quarters and three most recently completed years; detailed reconciliations for non-comparable prior periods can be found in our MD&A for these prior periods in the "Non-IFRS Financial Performance Measures" section of these documents.

[4] Annual consolidated results may not calculate based on amounts presented in this table due to rounding.

[5] Cash cost and sustaining cash cost per ounce of gold produced, net of by-product credits were introduced in 2022 and do not have a published comparative.

		2023 [6]	Q4 2023	Q3 2023	Q2 2023 [5]	Q1 2023	2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2021	Q4 2021
British Columbia Operations [4]													
Ore mined[1]	*tonnes*	**6,975,389**	**2,627,398**	3,792,568	555,423	-	-	-	-	-	-	-	-
Strip Ratio		**3.82**	**5.34**	2.96	-	-	-	-	-	-	-	-	-
Ore milled	*tonnes*	**6,862,152**	**3,261,891**	3,158,006	442,255	-	-	-	-	-	-	-	-
Copper	*%*	**0.35**	**0.33**	0.36	0.36	-	-	-	-	-	-	-	-
Gold	*g/tonne*	**0.07**	**0.06**	0.08	0.08	-	-	-	-	-	-	-	-
Silver	*g/tonne*	**1.36**	**1.36**	1.40	1.07	-	-	-	-	-	-	-	-
Copper recovery	*%*	**79.7**	**78.8**	80.90	77.69	-	-	-	-	-	-	-	-
Gold recovery	*%*	**55.9**	**54.1**	56.10	67.90	-	-	-	-	-	-	-	-
Silver recovery	*%*	**73.0**	**73.8**	71.30	78.60	-	-	-	-	-	-	-	-
Contained metal in concentrate produced													
Copper	*tonnes*	**19,050**	**8,508**	9,303	1,239	-	-	-	-	-	-	-	-
Gold	*ounces*	**8,848**	**3,495**	4,608	745	-	-	-	-	-	-	-	-
Silver	*ounces*	**218,282**	**105,295**	101,069	11,918	-	-	-	-	-	-	-	-
Payable metal													
Copper	*tonnes*	**18,075**	**9,119**	8,956	-	-	-	-	-	-	-	-	-
Gold	*ounces*	**8,420**	**3,091**	5,329	-	-	-	-	-	-	-	-	-
Silver	*ounces*	**189,443**	**98,441**	91,002	-	-	-	-	-	-	-	-	-
Combined unit cost [2,3]	*C$/tonne*	**$ 21.38**	**$ 20.90**	24.88	-	-	-	-	-	-	-	-	-
Cash cost[3]	*$/lb*	**$ 2.50**	**$ 2.67**	2.67	-	-	-	-	-	-	-	-	-
Sustaining cash cost[3]	*$/lb*	**$ 3.41**	**$ 3.93**	3.39	-	-	-	-	-	-	-	-	-

[1] Reported tonnes and grade for ore mined are estimates based on mine plan assumptions and may not fully reconcile to ore milled.

[2] Reflects combined mine, mill and general and administrative ("G&A") costs per tonne of ore milled. Reflects the deduction of expected capitalized stripping costs.

[3] Combined unit costs, cash cost, and sustaining cash cost per pound of copper produced, net of by-product credits, are non-IFRS financial performance measures with no standardized definition under IFRS. For further information and a detailed reconciliation, please see the discussion under the "Non-IFRS Financial Performance Measures" section of this MD&A. The above table sets forth selected non-IFRS financial performance measures for each of our nine most recently completed quarters and three most recently completed years; detailed reconciliations for non-comparable prior periods can be found in our MD&A for these prior periods in the "Non-IFRS Financial Performance Measures" section of these documents.

[4] Includes 100% of Copper Mountain mine production. Hudbay owns 75% of Copper Mountain mine.

[5] Production results from Copper Mountain operations represents the period from the June 20 [th] acquisition date through to the end of the second quarter of 2023.

[6] Annual consolidated results may not calculate based on amounts presented in this table due to rounding.

Exhibit 99.4

Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Hudbay Minerals Inc. ("Hudbay") is committed to the health and safety of its employees and to providing an incident free workplace.

Hudbay's U.S. mining operations are subject to Federal Mine Safety and Health Administration (the "MSHA") regulation under the U.S. Federal Mine Safety and Health Act of 1977 (the "FMSH Act"). The MSHA inspects Hudbay's mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the FMSH Act. Whenever the MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation.

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine are required to disclose in their periodic reports filed with the Commission information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. The disclosures reflect Hudbay's U.S. mining operations only as the requirements of the Dodd-Frank Act do not apply to Hudbay's mines operated outside the U.S. During the fiscal year ended December 31, 2023, the Registrant's Copper World project was issued two citations by MSHA for MSHA reporting violations. One of these citations was terminated on the same day it was issued and the other was terminated 15 days later once the required report was filed. The Registrant's Mason project did not receive any citations or orders from the MSHA alleging violations specified by the Dodd-Frank Act during the fiscal year ended December 31, 2023. There were no mining-related fatalities at either the Registrant's Copper World project or the Registrant's Mason project during the fiscal year ended December 31, 2023.

In addition, as required by the reporting requirements regarding mine safety included in section 1503(a)(2) of the Dodd-Frank Act, for the year ended December 31, 2023, none of the mines operated by Hudbay received written notice from the MSHA of (a) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the FMSH Act or (b) the potential to have such a pattern.

Exhibit 99.5

Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter Kukielski, certify that:

1) I have reviewed this annual report on Form 40-F of Hudbay Minerals Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4) The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5) The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 27, 2024

/s/ Peter Kukielski
Peter Kukielski
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.6

Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Eugene Lei, certify that:

1) I have reviewed this annual report on Form 40-F of Hudbay Minerals Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4) The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5) The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 27, 2024

/s/ Eugene Lei
Eugene Lei
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.7

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hudbay Minerals Inc. (the "Registrant") on Form 40-F for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter Kukielski, President and Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

March 27, 2024

/s/ Peter Kukielski
Peter Kukielski
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.8

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hudbay Minerals Inc. (the "Registrant") on Form 40-F for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eugene Lei, Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

March 27, 2024

/s/ Eugene Lei
Eugene Lei
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.9

CONSENT OF EXPERT

In connection with the Annual Report on Form 40-F of Hudbay Minerals Inc. ("Hudbay") for the year ended December 31, 2023, and any amendments thereto (the "Form 40-F"), I, Olivier Tavchandjian, P.Geo., hereby consent to the use of my name in connection with the references to and summaries of scientific and technical information relating to Hudbay's mineral properties (collectively, the "Incorporated Information") and to the inclusion of the Incorporated Information in the Annual Information Form and Management's Discussion and Analysis of Results of Operations and Financial Condition for the year ended December 31, 2023, each filed as an exhibit to the Form 40-F and incorporated by reference therein.

I do also hereby consent to the use of my name and the incorporation by reference of the Incorporated Information in Registration Statement Nos. 333-170295, 333-197080 and 333-212750 on Form S-8 (including, in each case, any amendments thereto).

Yours very truly,

/s/ Olivier Tavchandjian
Olivier Tavchandjian, P.Geo.

Dated: March 27, 2024

Exhibit 99.10

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-170295, 333-197080 and 333-212750 on Form S-8 and to the use of our reports dated February 22, 2024 relating to the financial statements of Hudbay Minerals Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 40-F for the year ended December 31, 2023.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 27, 2024