

HUDBAY MINERALS INC.

Consolidated Balance Sheets
(in thousands of Canadian dollars)

	Dec. 31, 2014	Dec. 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 207,273	\$ 631,427
Trade and other receivables	211,243	168,298
Inventories	87,709	52,201
Prepaid expenses	15,305	28,917
Other financial assets	1,345	807
Taxes receivable	11,941	37,644
Assets held for sale	-	5,864
	534,816	925,158
Receivables	24,824	57,376
Inventories	7,857	7,888
Prepaid expenses	246	574
Other financial assets	72,897	71,182
Intangible assets - computer software	12,063	13,573
Property, plant and equipment	4,715,811	2,665,075
Goodwill	210,655	71,373
Deferred tax assets	48,339	31,787
	\$ 5,627,508	\$ 3,843,986
Liabilities		
Current liabilities		
Trade and other payables	\$ 280,683	\$ 218,898
Taxes payable	342	33
Other liabilities	47,248	41,139
Other financial liabilities	7,001	16,348
Current portion of long term debt	17,139	-
Deferred revenue	81,279	65,616
	433,692	342,034
Other financial liabilities	51,543	23,039
Long term debt	1,127,957	779,331
Deferred revenue	717,015	464,135
Provisions	183,700	146,062
Pension obligations	49,384	25,931
Other employee benefits	175,548	142,114
Deferred tax liabilities	441,949	293,633
	3,180,788	2,216,279
Equity		
Share capital	1,624,419	1,021,088
Reserves	189,630	49,557
Retained earnings	632,671	564,966
Equity attributable to owners of the Company	2,446,720	1,635,611
Non-controlling interests	-	(7,904)
	2,446,720	1,627,707
	\$ 5,627,508	\$ 3,843,986

HUDBAY MINERALS INC.

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

	Three months ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Cash generated from (used in) operating activities:				
Profit (loss) for the period	\$ 49,583	\$ (61,481)	\$ 71,866	\$ (109,276)
Tax (recovery) expense	(78,333)	27,788	(60,325)	53,272
Items not affecting cash:				
Depreciation and amortization	24,011	22,086	93,213	77,509
Share-based payment expense	2,874	1,738	8,038	4,851
Net finance income	1,643	1,153	6,192	5,427
Change in fair value of derivatives	5,139	440	(2,165)	9,061
Change in deferred revenue related to stream	(9,748)	(16,998)	(49,478)	(69,088)
Change in taxes receivable/payable, net	(9,237)	(5,932)	(35,365)	(16,602)
Mark-to-market gains on warrants	(3,716)	-	(25,725)	-
Gain on deemed disposition of Augusta shares	-	-	(50,268)	-
Asset impairment / loss on disposition of subsidiary	-	11,939	6,512	15,356
Impairment and mark-to-market losses	86	8,539	1,385	16,403
Foreign exchange and other	5,054	9,832	17,166	18,435
Taxes recovered	9,148	1,658	34,328	4,501
Operating cash flows before stream deposit and change in non-cash working capital	(3,496)	762	15,374	9,849
Precious metals stream deposit	-	-	289,218	131,475
Change in non-cash working capital	21,461	2,283	(13,822)	2,795
	17,965	3,045	290,770	144,119
Cash generated from (used in) investing activities:				
Net interest received	(1,289)	2,335	(682)	10,920
Acquisition of property, plant and equipment	(229,974)	(237,312)	(981,290)	(901,985)
Acquisition of intangible assets	(757)	(1,175)	(1,413)	(3,011)
Acquisition of investments	-	167	(3,191)	(7,155)
Addition to cash from acquisition of Augusta	-	-	3,261	-
Addition to restricted cash	-	-	(22,963)	(20,897)
Peruvian sales tax (received) paid on capital expenditures	(414)	(43,077)	42,287	(130,885)
	(232,434)	(279,062)	(963,991)	(1,053,013)
Cash generated from (used in) financing activities:				
Long-term debt borrowing net of transaction costs	-	105,526	295,202	261,427
Principal repayments	(3,766)	-	(142,263)	-
Interest paid	(2,394)	-	(91,641)	(58,499)
Proceeds from exercise of stock options	-	-	1,278	449
Financing costs	-	(449)	(6,131)	(1,005)
Proceeds from issuance of equity	-	-	164,819	-
Dividends paid	-	-	(4,251)	(18,924)
	(6,160)	105,077	217,013	183,448
Effect of movement in exchange rates on cash and cash equivalents	10,207	9,880	32,054	19,785
Net decrease in cash and cash equivalents	(210,422)	(161,060)	(424,154)	(705,661)
Cash and cash equivalents, beginning of period	417,695	792,487	631,427	1,337,088
Cash and cash equivalents, end of period	\$ 207,273	\$ 631,427	\$ 207,273	\$ 631,427

HUDBAY MINERALS INC.

Consolidated Income Statements

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

	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Revenue	\$ 128,416	\$ 136,082	\$ 559,956	\$ 516,801
Cost of sales				
Mine operating costs	96,935	99,873	404,541	360,085
Depreciation and amortization	23,812	21,888	92,444	76,714
	120,747	121,761	496,985	436,799
Gross profit	7,669	14,321	62,971	80,002
Selling and administrative expenses	13,329	10,036	46,275	39,956
Exploration and evaluation	4,203	4,622	11,153	23,286
Other operating income and expenses	2,505	2,830	11,254	8,284
Asset impairment loss	-	11,939	-	15,356
Loss on disposal of subsidiary	-	-	6,512	-
Augusta related costs	4,155	-	23,923	-
Results from operating activities	(16,523)	(15,106)	(36,146)	(6,880)
Finance income	(272)	(624)	(3,902)	(3,494)
Finance expenses	1,915	1,777	10,094	8,921
Other finance loss (gain)	10,584	17,434	(53,879)	43,697
Net finance income (loss)	12,227	18,587	(47,687)	49,124
(Loss) profit before tax	(28,750)	(33,693)	11,541	(56,004)
Tax (recovery) expense	(78,333)	27,788	(60,325)	53,272
Profit (loss) for the period	49,583	(61,481)	71,866	(109,276)
Attributable to:				
Owners of the Company	49,583	(55,504)	71,956	(101,359)
Non-controlling interests	-	(5,977)	(90)	(7,917)
Profit (loss) for the period	\$ 49,583	\$ (61,481)	\$ 71,866	\$ (109,276)
Earnings (loss) per share				
Basic and diluted	\$ 0.21	\$ (0.32)	\$ 0.34	\$ (0.59)
Weighted average number of common shares outstanding:				
Basic	233,631,382	172,078,376	209,023,666	172,048,434
Diluted	234,820,271	172,078,376	209,683,580	172,048,434

HUDBAY MINERALS INC.

Consolidated Statements of comprehensive Income (Loss)
(in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Profit (loss) for the period	\$ 49,583	\$ (61,481)	\$ 71,866	\$ (109,276)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss:				
Recognized directly in equity:				
Net exchange gain on translation of foreign operations	77,990	47,765	185,248	87,669
Effective portion of change in fair value of cash				
Change in fair value of available-for-sale financial assets	(2,589)	(16,538)	49,193	(30,254)
	75,401	31,227	234,441	57,415
Items that will not be reclassified subsequently to profit or loss:				
Recognized directly in equity:				
Remeasurement - actuarial (loss) gain	(5,940)	9,394	(53,708)	36,158
Tax effect	(30)	(2,098)	7,585	(7,792)
	(5,970)	7,296	(46,123)	28,366
Transferred to income statement:				
Change in fair value of available-for-sale financial assets	292	8,885	(48,594)	16,291
Sale of investment	-	-	(33)	(67)
Tax effect	2	-	2	-
	294	8,885	(48,625)	16,224
Other comprehensive income net of tax, for the period	69,725	47,408	139,693	102,005
Total comprehensive income (loss) for the period	\$ 119,308	\$ (14,073)	\$ 211,559	\$ (7,271)
Attributable to:				
Owners of the Company	119,308	(8,254)	211,649	322
Non-controlling interests	-	(5,819)	(90)	(7,593)
Total comprehensive income (loss) for the period	\$ 119,308	\$ (14,073)	\$ 211,559	\$ (7,271)