



HudBay Minerals Inc.
Dundee Place
1 Adelaide Street East
Suite 2501
Toronto ON M5C 2V9
Canada

Tel 416 362-8181
Fax 416 362-7844
hudsonminerals.com

News release

TSX – HBM
2009

HudBay Minerals Inc. Announces 2004 Financial Results

TORONTO, ONTARIO--(CCNMatthews - March 31, 2005) - HudBay Minerals Inc. (TSX:HBM)

Highlights:

- Acquisition of Hudson Bay Mining and Smelting Co., Limited (HBMS).
- Strong cash position with \$65 million at year end.
- Cash operating costs of US\$0.16 per pound of zinc, net of by-product credits.
- First full year of HBMS operations after completion of the \$435 million 777 capital expenditure program.

HudBay Minerals Inc. (TSX: HBM) (HudBay) incurred a net loss for 2004 of \$9.92 million compared to a loss of \$5.46 million in 2003. Operating costs increased in 2004 largely in connection with the acquisition of the Balmat mine which was purchased in September 2003 and is currently on care and maintenance but under evaluation for re-activation. As well, additional costs were incurred in conjunction with the acquisition of HBMS on December 21, 2004. Financing of the acquisition was completed favourably, enabling HudBay to close the year with \$65 million available cash.

The consolidated financial statements of HudBay for the year ended December 31, 2004 are available on SEDAR at www.sedar.com and on our website at www.hudbayminerals.com.

HBMS Results:

HudBay completed the purchase of HBMS from Anglo American International S.A. on December 21, 2004 and HBMS is now a wholly owned subsidiary of HudBay, contributing all of HudBay's production. HudBay's 2004 audited results incorporate HBMS results for only the ten-day period ended December 31, 2004. The following information is provided for HBMS, covering the twelve-month periods ending December 31, 2004 (unaudited) and 2003 (audited):

/T/

	HBMS	
	For the years ended	
	Dec 31/04	Dec 31/03
	C\$000	C\$000
	(Unaudited)	(Audited)
Revenue	527,354	417,914
Operating Costs	(479,302)	(511,626)
Asset Impairment	---	(269,000)
	-----	-----

Operating Earnings	48,052	(362,712)(1)
Net Earnings	50,132	(330,103)
Cash Flow from Operations	93,836	(3,739)
Investing Activities	(85,081)	(118,366)
Financing Activities	35,666	121,629
Net Cash Flow	44,421	(476)

1) Includes asset impairment of \$269,000 in 2003.

/T/

In 2004 HBMS achieved operating cash costs of US\$0.16 per pound of zinc, net of by-product credits. The US\$0.28 per pound improvement over 2003 was primarily related to an impairment in 2003 in realized metal prices as well as completion of the \$435 million capital expenditure on the 777 group of projects, which were all in full production during 2004.

/T/

Non GAAP Reconciliation

Non GAAP Reconciliation of Cash Cost per pound of Zinc, Net of By-Product credits.

Non GAAP Reconciliation(1)(2)

	2004 C\$000 (Unaudited)	2003 C\$000 (Audited)
Operating Costs per financial statements	479,302	511,626(1)
Non-cash operating costs		
Depreciation and amortization	(52,100)	(70,700)
Accretion and other non-cash	(4,578)	(2,078)
	-----	-----
	422,624	438,848
Less: By-product credits	(372,514)	(277,260)
	-----	-----
Cash cost net of by-products	C\$50,110	C\$161,589
Exchange rate (C\$/US\$)	1.30	1.40
	-----	-----
Cash cost net of by-products	US\$38,546	US\$115,419
Zinc sales	245,347	261,444
Cash cost per pound of zinc, net of by-product credits	US\$0.16	US\$0.44
	-----	-----

(1) Excluding asset impairment.

(2) By-product credits include the Company's proportionate share of by-product sales by CMM (2004: \$21.6 million, 2003: \$19.6 million) and the premium on zinc oxide sales (2004: \$17.8 million, 2003: \$10.24 million).

/T/

Cash cost per pound of zinc, net of by-product credits is furnished to provide additional information and is a non-GAAP measure. This measure should not be considered in isolation as a substitute for measures of performance prepared in accordance with generally accepted accounting principles and is not necessarily indicative of operating expenses as determined under generally accepted accounting principles. This measure is intended to provide investors with information about the cash generating capabilities of HBMS's operations. HBMS uses this information for the same purpose. Mining operations are capital intensive. This measure excludes capital expenditures. Capital expenditures are discussed throughout the MD&A and the consolidated financial statements.

Revenue

HBMS earned revenues of approximately \$527.4 million for the year ended December 31, 2004 from sales of approximately 73,900 tonnes of copper, 111,300 tonnes of zinc (including sales to Zochem), 38,700 tonnes of zinc oxide, 75,600 ounces of gold, and 1,055,000 ounces of silver. For the year, realized metal prices averaged US\$1.35/lb copper, US\$0.49/lb zinc, US\$387/troy oz gold, and US\$6.66/troy oz silver. The Canadian to

US dollar exchange rate averaged 1.30 for the year.

Compared to 2003, total sales revenue in 2004 increased by 26%, largely related to improved realized metal prices for copper and zinc, in US\$, which improved by approximately 57% and 26% respectively over 2003. Average realized gold and silver prices also improved by 14% and 38% respectively. The impact of improved metal prices was partly offset as the Canadian to US exchange rate strengthened from an average of 1.40 in 2003 to 1.30 in 2004.

Copper and zinc sales quantities in 2004 were approximately 92% and 94%, respectively, compared to sales quantities in 2003 reflecting the metallurgical treatment of greater quantities of concentrates from HBMS owned mines and a planned maintenance summer shutdown of the copper smelter.

Operating Earnings

Operating earnings for the year ended December 31, 2004 was approximately \$48.1 million. Compared to 2003, operating earnings in 2004 increased by \$411 million, of which \$269 million relates to an asset impairment charge in 2003.

HBMS mined a total of 2.55 million tonnes of ore in 2004 and tonnage mined increased at all mines compared to 2003, with the largest increase at the new 777 Mine which reached commercial production as of January 1, 2004. In total, tonnage mined was up by 15% in 2004 and both copper and zinc grade improved by 16% and 4% respectively compared to 2003.

During 2004, the Copper Smelter processed a total of 284,100 tonnes of copper concentrates, producing 76,900 tonnes of copper metal. For the same period, the Zinc Plant processed a total of 223,000 tonnes of zinc concentrates, producing 110,200 tonnes of zinc metal. In addition to the concentrates produced from HBMS owned mines, the Flin Flon metallurgical plants processed some 98,700 tonnes of copper concentrate and 3,500 tonnes of zinc concentrate purchased from third parties.

Improved production from our mines in 2004 reduced our requirement for purchased concentrate, and, as a result, processing of copper and zinc concentrate purchased from third parties decreased by some 10,100 and 42,800 tonnes respectively compared to 2003. Production of copper metal in 2004 was approximately 92% of 2003 largely from processing greater volumes of concentrate from HBMS mines and a planned summer maintenance shut down. Cast zinc metal production in 2004 was approximately 94% compared to 2003 primarily due to a drawdown of cathode inventory in 2003 which boosted cast metal by some 3,400 tonnes, and by the deferral of the bi-annual maintenance shutdown from 2003 into 2004.

Depreciation and amortization totalled \$52.1 million in 2004 compared to \$70.7 million in 2003, with the decrease relating primarily to the impairment charge taken at the end of 2003.

Net Earnings

Net earnings for the year ended December 31, 2004 was approximately \$50.1 million compared to a loss of \$330.1 million for 2003. Excluding the impact of the asset impairment in 2003, net earnings for 2004 increased by \$111.3 million over 2003. The increase is comprised of \$141.8 million in operating profit net of \$30.5 million additional expense, which is essentially the absence of a foreign exchange gain that was realized in 2003.

Cash Flow from Operations

Cash flow from operations in 2004 increased by approximately \$97.5 million compared to 2003, primarily as a result of improved metal prices and the commencement of commercial production at the 777 Mine.

Investing Activities

HBMS capital expenditure for 2004 totalled \$69.5 million, with \$15.7 million of the total required to complete the 777 group of projects, \$40.7 million for mine development, and the balance required for various stay-in-business projects. This represents a decrease of 41% compared to 2003, which included \$65.5 million for the 777 projects, \$28.4 million

mine development, and the balance for stay-in-business.

In December 2004, \$13 million was placed in trust for the governments of Manitoba and Saskatchewan as financial assurance for our asset retirement obligations. The requirement to maintain this trust value will be determined from the outcome of a study to be completed during 2005.

Financing Activities

In 2004, HBMS entered into capital leasing (sales and leaseback) arrangements that contributed \$14.4 million to financing cash flow. On December 21, 2004, HBMS issued US \$175 million Senior Secured Notes bearing interest at 9.625% per annum with interest payable semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2005. The Notes will mature on January 15, 2012.

As of March 24, 2005, HudBay agreed to guarantee HBMS' Notes. The HudBay guarantee is unsecured and ranks subordinate in right of payment to all senior indebtedness of HudBay. The guarantee will terminate on the date upon which HudBay owns less than a majority of the voting shares of HBMS.

The net inflow from financing activities is the net result of the above, offset by amounts advanced to HudBay in connection with the acquisition.

A conference call will be held on Friday, April 1, 2005 at 10:00 a.m. (Toronto time) to discuss these results. You may join the call by dialing 416-640-4127 or toll free 1-800-814-4890. The conference call will be recorded and you can listen to a playback of the call after the event by dialing 416-640-1917 or toll free 1-877-289-8525 and entering the passcode 21119163#, at any time until midnight on Thursday, April 7, 2005. A webcast will be available at www.hudbayminerals.com.

HudBay Minerals Inc. is an integrated mining and metal producing company that operates mines and concentrators in northern Manitoba and Saskatchewan and a metal processing complex in Flin Flon, Manitoba. The company also operates a zinc oxide production facility in Brampton, Ontario and the former producing mines of Balmat in New York State and Gays River in Nova Scotia that are being evaluated for re-opening.

Safe Harbour Statement under the United States Private Securities Litigation Reform Act of 1995: Except for the statements of historical fact contained herein, the information presented constitutes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the operation, development and exploration of mines and mineral projects, future prices of zinc and copper, future foreign currency exchange rates and the impact of environmental and other governmental regulation, as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form for the year ended December 31, 2004 that is available at www.sedar.com. There may be additional factors that could cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

/T/

Hudson Bay Mining and Smelting Co., Limited
Full Year Results

		2004	2003

Mines:			
Trout Lake:	tonnes	916,097	872,654
Copper	%	1.46	1.17
Zinc	%	5.32	4.82
Gold	g/tonne	1.47	1.78
Silver	g/tonne	13.58	20.40

Konuto:	tonnes	327,231	321,473
Copper	%	4.07	3.73
Zinc	%	2.08	1.82
Gold	g/tonne	1.92	1.99
Silver	g/tonne	9.60	9.50
7 7 7:	tonnes	975,895	709,172
Copper	%	2.89	2.80
Zinc	%	4.50	3.96
Gold	g/tonne	2.26	1.92
Silver	g/tonne	23.14	21.81
Chisel North:	tonnes	327,853	303,169
Copper	%	0.16	0.20
Zinc	%	9.99	11.32
Gold	g/tonne	0.48	0.62
Silver	g/tonne	25.47	20.26
Total Mines	tonnes	2,547,076	2,206,468
Copper	%	2.18	1.93
Zinc	%	5.19	5.00
Gold	g/tonne	1.71	1.70
Silver	g/tonne	18.26	19.24
Concentrators:			
Flin Flon Concentrator	tonnes	2,156,051	1,902,743
Copper	%	2.46	2.22
Zinc	%	4.50	3.99
Gold	g/tonne	1.89	1.89
Silver	g/tonne	17.31	19.03
Copper Concentrate Produced	tonnes	208,961	166,346
Grade	% Cu	23.60	23.20
Zinc Concentrate Produced	tonnes	152,453	121,160
Grade	% Zn	50.42	49.60
Copper recovery to Cu conc	%	93.0	91.5
Gold recovery to Cu conc	%	69.7	46.7
Silver recovery to Cu conc	%	68.1	47.9
Zinc recovery to Zn conc	%	79.2	79.1
Snow Lake Concentrator	tonnes	327,853	304,016
Copper	%	0.16	0.20
Zinc	%	9.99	11.32
Gold	g/tonne	0.48	0.62
Silver	g/tonne	25.47	20.26
Zinc Concentrate Produced	tonnes	61,825	65,103
Grade	% Zn	51.52	51.41
Zinc recovery to Zn conc	%	97.3	97.3
Smelter:			
Copper Conc Treated:			
HBMS Mines	tonnes	185,352	164,288
Purchased	tonnes	98,748	108,762
Total	tonnes	284,100	273,049
Zinc Plant:			
Zinc Conc Treated:			
HBMS Mines	tonnes	219,561	182,190
Purchased	tonnes	3,488	46,286
Total	tonnes	223,049	228,476
Metal Produced:			
From HBMS Mines:			
Copper	tonnes	43,653	42,055
Zinc	tonnes	108,403	93,055
Gold	oz	77,612	56,999

Silver	oz	696,454	630,303
From Purchased Concentrates:			
Copper	tonnes	33,241	41,300
Zinc	tonnes	1,815	24,790
Gold	oz	1,408	3,624
Silver	oz	418,115	460,482
Total Metal Produced:			
Copper	tonnes	76,894	83,355
Zinc	tonnes	110,218	117,845
Gold	oz	79,020	60,623
Silver	oz	1,114,569	1,090,785

/T/

-30-

FOR FURTHER INFORMATION PLEASE CONTACT:
HudBay Minerals Inc.
Tom Goodman
Vice-President, Human Resources and Technical Services
(204) 687-2380
Email: tom.goodman@hbms.ca