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## News release

TSX – HBM  
 2009

# HudBay to Provide Incentive for Early Exercise of Warrants

WINNIPEG, MANITOBA--(CCNMatthews - April 24, 2006) - HudBay Minerals Inc. (TSX:HBM) ("HudBay" or the "Company") is pleased to announce that it has filed a preliminary short form prospectus in each of the provinces of Canada in connection with a proposal to issue new common shares of HudBay ("Common Shares") as an incentive for holders of its publicly-traded warrants (the "Warrants") to exercise such Warrants during a 30-day early exercise period (the "Early Exercise Period") expected to commence on or about June 2, 2006 (the "Early Warrant Exercise"). If all Warrants are exercised during the Early Exercise Period, HudBay will:

- receive gross proceeds of approximately C\$107.9 million on or before July 4, 2006 (the "Early Exercise Expiry Date");
- issue approximately 34.2 million Common Shares; and
- issue approximately 2.1 million additional Common Shares as an incentive for the exercise of the Warrants, representing approximately 1.6% of the fully diluted outstanding shares.

The Early Warrant Exercise is intended to align the capital needs of the Company with the Warrant exercise proceeds and simplify the Company's capital structure. The proceeds of the Early Warrant Exercise will be used by HudBay for general corporate purposes including future growth opportunities and potential debt repayment. The details of the Warrants are set out in the table below. The Warrants will continue to trade on the Toronto Stock Exchange (the "TSX") during the Early Exercise Period.

Stock Symbols	Expiry Date	Exercise Basis per Warrant (1)	Exercise Price per Warrant	Exercise Price per Common Share
TSX: HBM.WT	Dec 21, 2009	1/30th of one Common Share	CC\$0.10	C\$3.15

(1) Warrants trade on the TSX on a pre-consolidation basis. Accordingly, each 30 Warrants are exercisable for one Common Share.

HudBay is proposing to amend the terms of the Warrants, which were issued on December 21, 2004 pursuant to a warrant indenture (the "Warrant Indenture") entered into with Equity Transfer Services Inc., as warrant agent, and expire on December 21, 2009, such that holders of the Warrants would be entitled to receive the Common Shares issuable upon the exercise of the Warrants plus an additional fraction of a Common Share (as set forth in the table below) provided such holders exercise their Warrants during the Early Exercise Period.

### Illustrative Early Exercise of 3,000 Warrants

Fraction of Additional New Share for each Warrant exercised during the Early Exercise Period	Warrants Owned	What is Paid on Exercise	What is Received
0.002	3,000	C\$3.15 per Common Share	106 Common

(1) 100 Common Shares for the exercise of 3,000 Warrants, plus 6 additional Common Shares to induce exercise

If at least 66 2/3% of the Warrants are exercised during the Early Exercise Period, each unexercised Warrant will be automatically exchanged, without any further action on the part of the warrant holder (including payment of the exercise price thereof or any other additional consideration) for a fraction of a Common Share, in accordance with the following formula: (A) 1/30, or approximately 0.0333 (being the total number of Common Shares issued upon exercise of each Warrant outside of the Early Exercise Period) plus (B) 0.002 multiplied by 50% (being one half of the inducement per Warrant) minus &copy; \$0.105 divided by the lesser of (i) the volume weighted average trading price (the "VWAP") of the Common Shares on the TSX for the five trading days ending on the Early Exercise Expiry Date, and (ii) the closing price of the Common Shares on the Early Exercise Expiry Date.

The transaction is subject to the receipt of all required regulatory approvals and consents, including approval by disinterested shareholders and holders of Warrants. The Board of Directors has received fairness opinions from GMP Securities L.P. (with respect to shareholders) and BMO Nesbitt Burns Inc. (with respect to holders of Warrants), and has determined that this transaction is fair to holders of Warrants and shareholders. The required shareholder approval will be sought at HudBay's annual and special meeting of shareholders to be held on June 1, 2006 with a record date of May 2, 2006. The required approvals of holders of the Warrants will be sought at a meeting of holders of Warrants to be held on June 1, 2006 with a record date of May 2, 2006 and HudBay expects to mail a management information circular to its shareholders on or about May 5, 2006 and to mail a management information circular to its holders of Warrants on or about May 5, 2006. The amendment of the Warrants requires approval by holders of 66 2/3% of the Warrants voting in person or by proxy at the meeting of holders of Warrants and the approval by a simple majority of disinterested holders of the Warrants. The transaction requires approval of a simple majority of the votes cast by disinterested shareholders at the meeting of shareholders.

HudBay has filed a preliminary short form prospectus in each of the provinces of Canada, which remain subject to regulatory approval, to qualify the distribution of the Common Shares issuable upon the exercise of the Warrants. A copy of the preliminary short form prospectus dated April 21, 2006 relating to the distribution of such Common Shares will be available on [www.sedar.com](http://www.sedar.com) under HudBay's profile.

The Common Shares to be issued upon exercise of or exchange for Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. Notwithstanding the foregoing, a Warrant holder who is in the United States or who holds a Warrant for the account or benefit of a U.S. person must be an "Institutional Accredited Investor" (an "Accredited Investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, that satisfies the requirements of Rule 501(a)(1), (2), (3) or (7)) and must deliver the subscription form and representation letter required by the Warrant Indenture by the Early Exercise Expiry Date in order to exercise their Warrants and receive Common Shares or to have their Warrants exchanged for Common Shares. Any such Warrant holder who does not comply with such requirements will not be permitted to exercise or exchange their Warrants and receive Common Shares, and their Warrants will remain outstanding following the completion of the transaction.

GMP Securities L.P. and BMO Nesbitt Burns Inc. are acting as financial advisors to HudBay with respect to the transaction.

#### About HudBay

HudBay is an integrated mining and metal company that operates mines and concentrators in northern Manitoba and a metal production complex in Flin Flon, Manitoba. The company also owns a zinc oxide production facility in Brampton, Ontario, a copper refinery in Michigan and the Balmat zinc mine in New York state, which is being re-opened.

#### Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements", within the meaning of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of HudBay. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold, silver and copper, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of HudBay, to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the integration of acquisitions; risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future commodity prices; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in HudBay's Annual Information Form for the year ended December 31, 2005, available on [www.sedar.com](http://www.sedar.com). Although HudBay has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that 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. HudBay does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

This press release is not an offer of securities for sale in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities that may be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will

contain detailed information about the company and management, as well as financial statements.

IF YOU HAVE ANY QUESTIONS OR REQUIRE ASSISTANCE CONCERNING THE EARLY EXERCISE WARRANT TRANSACTION, PLEASE CONTACT:

KINGSDALE SHAREHOLDER SERVICES INC.

North America Toll-Free Phone: 1-866-588-6864

Outside North America Call Collect: 416-867-2272

E-mail: [shareholder@kingsdalecapital.com](mailto:shareholder@kingsdalecapital.com)

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