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## News release

TSX – HBM  
2009

# HudBay: Share and Warrant Holders Overwhelmingly Approve Early Exercise of Warrants; 30-Day Early Exercise Period to Commence on June 5, 2006

WINNIPEG, MANITOBA--(CCNMatthews - June 1, 2006) - HudBay Minerals Inc. (TSX:HBM) (HudBay) is pleased to announce that its early exercise warrant transaction was approved by votes of more than 98% in favour at meetings held today of its share and warrant holders.

The 30-day period for the early exercise of HudBay's publicly-traded warrants will commence at 9:00 a.m. (Toronto time) on Monday, June 5, 2006 and will expire at 5:00 p.m. (Toronto time) on Wednesday, July 5, 2006.

Assuming that all of the warrants are exercised during the early exercise period, the gross proceeds to HudBay will be approximately \$107.9 million. The net proceeds from the exercise of the warrants are expected to be used for general corporate purposes, including potential debt repayment and future growth opportunities.

Registered holders of warrants are encouraged to exercise their warrants in accordance with the procedures set forth in the notice to warrant holders (the "Warrant holder Notice") accompanying the management information circular dated May 4, 2006 (the "Circular") with respect to the extraordinary meeting of warrant holders of HudBay held today (as described below) as soon as possible and, in any event, prior to 5:00 p.m. (Toronto time) on Wednesday, July 5, 2006 in order to acquire 0.002 of a common share of HudBay in addition to the 0.0333 of a common share of HudBay issuable upon exercise of each warrant.

Non-registered holders of warrants, whose warrants are registered in the name of a brokerage firm, bank or trust company or other intermediary, should contact their intermediaries for instructions on how to exercise their warrants.

Registered holders of warrants may exercise their rights to acquire the above-noted common shares by surrendering the certificates representing their warrants to Equity Transfer Services Inc. at any time prior to 5:00 p.m. (Toronto time) on Wednesday, July 5, 2006, by hand, courier or registered mail at its offices located at 120 Adelaide Street West, Suite 420, Toronto, Ontario M5H 4C3.

The warrant certificate must be submitted together with:

- (i) a duly completed and executed subscription, in the form attached to the warrant certificate as Schedule "A" or in the form attached as Schedule "A" to the Warrant holder Notice accompanying the Circular, specifying the number of warrants that the holder intends to exercise;
- (ii) in the case of U.S. warrant holders only, a duly completed and executed U.S. representation letter in the form attached as Schedule "B" to the warrant indenture (the "Warrant Indenture") dated as of December 21, 2004 between HudBay and Equity Transfer Services Inc. or in the form attached as Schedule "B" to the Warrant holder Notice accompanying the Circular; and
- (iii) a certified cheque, bank draft or money order in Canadian dollars, payable to or to the order of HudBay in an amount equal to the exercise price of \$0.105 per 0.0333 of one common share multiplied by the number of warrants that the holder intends to exercise.

If not less than 66 2/3% of the Warrants outstanding as of the commencement of the early exercise period on Monday, June 5, 2006 are exercised during the early exercise period, each warrant that has not been exercised by 5:00 p.m. (Toronto time) on Wednesday, July 5, 2006 (except as provided in the paragraph immediately below) shall be automatically exchanged, without any further action on the part of the warrant holder, including payment of the exercise price or any other additional consideration, for a fraction of a common share equal to (a) 0.0333 (being the total number of common shares issued upon the exercise of each warrant outside of the early exercise period) plus (b) 0.002 multiplied by 50% (being one half of the inducement of 0.002 of one common share per warrant) minus <sup>©</sup> \$0.105 divided by the lesser of (i) the volume weighted average trading price of the common shares on the Toronto Stock Exchange for the five trading days ending on July 5, 2006, and (ii) the closing price of the common shares on July 5, 2006.

### U.S. Warrant holders

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 July 5, 2006 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. Further, no warrants beneficially owned by a person in the United States or held for the account or benefit of a U.S. person may be exercised through the Canadian Depository for Securities ("CDS") and no common shares will be exchanged for warrants beneficially owned by such persons in CDS. All warrants that are beneficially owned by persons in the United States or U.S. persons must be immediately withdrawn from CDS.

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

#### About HudBay

HudBay Minerals Inc. is an integrated mining and metal producing company that operates mines and concentrators in northern Manitoba and Saskatchewan 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.

If you have any questions or require assistance with the early exercise of warrants, 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)

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.

#### 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 zinc, copper, gold and silver, 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, limitations on insurance coverage, increased electricity, heavy fuel oil and natural gas cost risk, inflation risks and risks associated with the re-opening of the Balmat mine. 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.