

News release

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HudBay Enters Letter of Intent to Option Claims and Form Joint Ventures with Murgor Resources

WINNIPEG, MANITOBA--(CCNMatthews - July 19, 2006) - HudBay Minerals Inc. (TSX:HBM) (HudBay) announces that its wholly owned subsidiary, Hudson Bay Exploration and Development Company Limited (HBED) has entered into a Letter of Intent (LOI) with Murgor Resources Inc. (Murgor) whereby HBED would option to Murgor four mineral properties for purchase. Two large exploration properties are also included in the LOI whereby joint ventures may be formed between the two companies after Murgor completes certain exploration expenditures. All six properties are located in the Flin Flon greenstone belt in northern Manitoba and Saskatchewan.

The LOI provides that Murgor may acquire a 100% interest in HBED's Hudvam, Wim, Tyr and Fon mineral properties, which total 5,368 hectares, after payments of \$1.16 million to HBED and exploration expenditures of \$8.05 million, in aggregate, over four years. HBED would retain a 2% net smelter return (NSR) or have the right to "buy back" up to a 65% interest in each mineral property.

The LOI also includes the Snow "H" and Flin "D" exploration properties, which total 186,104 hectares, including 13,033 hectares of HBED claims. The LOI specifies that Murgor would be required to undertake aggregate exploration expenditures of \$5.0 million over three years. After completion of specified expenditures, HBED and Murgor may form joint ventures related to areas to be designated within each exploration property. For designated areas, HBED would retain a 2% NSR or would form a 50% joint venture as well as have the right to "buy back" up to a 65% interest in each joint venture.

The terms of the LOI remain subject to entering into definitive agreements and the LOI also contemplates that each property would be subject to a separate agreement as well as obtaining the necessary regulatory approvals.

After the Murgor and Halo Resources Ltd. (previously announced) exploration agreements, HudBay would directly hold approximately 283,450 hectares in the Flin Flon greenstone belt and would additionally have optioned claims to a total of approximately 16,511 hectares.

"The prolific Flin Flon greenstone belt has produced 26 mines for HudBay over our 76 year history," said Peter Jones, President and CEO of HudBay. "HudBay's three year, \$30 million exploration expenditure together with planned expenditures by Murgor and Halo Resources Ltd.'s previously announced plans will enhance the possibility of new orebody discoveries, which, if successful, could be accretive to HudBay."

About HudBay Minerals Inc.

HudBay Minerals Inc. is an integrated mining company that operates mines, concentrators and a metal production complex in northern Manitoba and Saskatchewan. The company also owns a zinc oxide production facility in Ontario, the White Pine copper refinery in Michigan, and the Balmat zinc mine in New York state.

HudBay is a member of the S&P/TSX Composite Index.

Forward Looking Statements

This news 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 possible option by HudBay to Murgor of certain properties and related matters and their potential impact on HudBay. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "subject to", "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", "can be", "will" 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 risks associated with entering into definitive agreements with Murgor and Murgor's performance thereunder, including exploration activities and financial expenditures as well as risks associated with the mining industry such joint venture operations, exploration, government regulation, environmental and reclamation risks, title disputes or claims, success of exploration activities, future commodity prices, costs of production, possible variations in ore reserves, resources, grade or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes, delays associated with financing or in the completion of development or construction activities, the timing and amount of estimated future production, capital expenditures, financial market fluctuations, requirements for additional capital, conclusions of economic evaluations, limitations on insurance coverage, inflation as well as those factors discussed in the section entitled "Risk

Factors¹ in HudBay's Annual Information Form for the year ended December 31, 2005, available on 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, except in accordance with applicable securities laws.