HUDBAY MINERALS

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News release

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HudBay Continues to Deliver Record Results for Q4 and 2006

-- Revenue Exceeds $1 Billion for First Time in Company's History --

Q4 2006 Financial Highlights

- Earnings increase 277% to $165.8 million
- Basic earnings per share grows 154% to $1.32
- Operating cash flow before non-cash working capital changes, climbed to $148.5 million
- Revenue increases 81% to $313.1 million
- Cash (less debt) $362.6 million at December 31, 2006
- Cash cost per pound of zinc sold, net of by-product credits "negative" US$0.21

2006 Financial Highlights

- Earnings increase 562% to $564.0 million
- Basic earnings per share grows 412% to $5.32
- Operating cash flow before non-cash working capital changes, climbed to $490.8 million
- Revenue increases 73.2% to $1.129 billion
- Cash cost per pound of zinc sold, net of by-product credits "negative" US$0.43

Corporate Highlights

- Tender offer to purchase remaining senior secured notes – 94% successful
- $37 million 2007 exploration program launched to drive future organic growth
- $8.5 million Bur deposit expenditure launched for feasibility study
- Annual 2006 production in line with guidance
- Option on Jason mineral property exercised
- January 1, 2007 Reserves and Resources replaces 2006 production

Winnipeg, Manitoba – March 8, 2007 - HudBay Minerals Inc. (TSX:HBM) (HudBay or the Company) today announced a 277% increase in earnings to $165.8 million or $1.32 per share on revenue of $313.1 million for the quarter ended December 31, 2006 (Q4 2006). This compares with earnings of $43.9 million on revenue of $173.1 million during the fourth quarter of 2005 (Q4 2005). Operating cash flow, before non-cash working capital changes, for Q4 2006 increased by 359% to $148.5 million compared to Q4 2005.

"The fourth quarter and 2006 have been remarkable for our Company," said Peter Jones, President & CEO. "In an environment of record high metal prices, we have delivered production results that are in-line with our guidance, and translate into financial performance that is unprecedented in our history. Our financial condition allows HudBay to consider ongoing organic growth as well as merger and acquisition opportunities."

The bracketed values that follow denote the comparative figures for the respective periods in 2005.

Q4 2006 Financial Results

Total revenue for Q4 2006 was $313.1 million ($173.1 million) from sales of 29,047 tonnes of zinc, including sales of 6,834 tonnes to our Zochem division, for production of zinc oxide (29,598 tonnes), 19,901 tonnes of cathode copper (17,644 tonnes), 22,112 ounces of gold (21,783 ounces), and 295,545 ounces of silver (358,434 ounces).

Realized metal prices in Q4 2006 averaged US$1.93/lb for zinc (US$0.51/lb); US$3.16/lb for copper (US$2.04/lb); US$603/oz. for gold (US$496/oz); US$11.59/oz. for silver (US$8.51/oz). The Canadian to US dollar exchange rate averaged $1.14 per US$1.00.

Operating costs for Q4 2006 were $163.7 million, an increase of approximately 34% compared with the same period in 2005. The increase is due primarily to an increase in concentrate purchase costs, higher employee profit sharing expenses and generally higher costs associated with production. HudBay's cash cost per pound of zinc sold, net of by-product credits was negative US$0.21 (positive US$0.23). A reconciliation of this non-GAAP measure is provided in the Company's 2006 MD&A.

Full Year 2006 Financial Results

For 2006 earnings increased by 562% to $564 million equating to basic earnings per share of $5.32 which is up 412% from a year earlier. In addition, operating cash flow, before non-cash working capital changes for the year increased 298% to $490.8 million compared to $123.2 million for the same period in 2005.

Total revenue for 2006 was $1,129 million ($652.0 million) from sales of 114,646 tonnes of zinc, (114,682 tonnes) including sales of 32,468 tonnes to our Zochem division, for production of zinc oxide, 79,395 tonnes of cathode copper (78,070 tonnes), 82,921 ounces of gold (95,511 ounces), and 1,195,142 ounces of silver (1,321,784 ounces).

Realized metal prices in 2006 averaged US$1.53/lb for zinc (US$0.65/lb); US$3.15/lb for copper (US$1.72/lb); US$603/oz. for gold (US$445/oz); US$11.13/oz. for silver (US$7.28/oz). The Canadian to US dollar exchange rate averaged $1.13 per US$1.00.

Operating costs for 2006 were $598.1 million, an increase of approximately 25% compared with the same period in 2005. The increase is due primarily to an increase in concentrate purchase costs, higher employee profit sharing expenses, and generally higher costs associated with production. HudBay's cash cost per pound of zinc sold, net of by-product credits was negative US$0.43 (positive US$0.16). A reconciliation of this non-GAAP measure is provided in the Company's 2006 MD&A.

Future Income and Mining Tax Assets

As a result of earnings over the last three years, in the fourth quarter of 2006, the Company fully recognized the future tax asset with the exception of timing differences for long-term obligations that relate primarily to closure. In 2007, as the Company utilizes the remaining tax pools, the benefit of which is shown as a future tax asset on the balance sheet, the value of this asset is expected to draw down and reflected as a non-cash income tax expense on the Company's income statement.

In the fourth quarter of 2006, the Company also recognized a mining tax asset based on three future years of its earnings. Three years are considered appropriate due to the uncertainties of future longer-term metal prices, exchange rates, the magnitude of prior losses, net operating earnings from non-Manitoba sources and the restricted rate of deductions for mining tax purposes. Factors to recognize a mining tax asset will continue to be reviewed as circumstances change. Similar to the above, the mining tax asset is expected to be drawn down during 2007 and that reduction will be reflected as a non-cash income tax expense.

For the year, the Company recorded a net benefit of taxes of $121.5 million, primarily related to the further increase in the income tax asset of $118.7 million, a recognition of a $28.1 million mining tax asset, and a benefit from the renunciation of $3.6 million flow-through shares, offset by a current mining tax expense of $28.9 million. In 2006, the mining tax pools sheltered approximately $51 million of mining tax, and the corporate income tax pools, after giving consideration to the deduction for additional mining taxes, sheltered approximately $167 million of income tax.

Corporate Highlights

Debt Repayment

In December 2006, HudBay successfully completed a tender offer for the majority of its outstanding 9 5/8% Senior Secured Notes due 2012 ("the Notes") of which approximately 94% were tendered to the offer. In February 2007, the Company defeased the remaining outstanding notes. The covenant defeasance involved the irrevocable deposit in trust by HBMS with The Bank of New York, as trustee, of approximately U.S. $3.3 million of U.S. government securities, such amount being sufficient to pay the principal of, and interest and premium on, the outstanding Notes to the redemption date of January 15, 2009. Pursuant to the terms of the indenture governing the Notes, the collateral securing the Notes will be released.

2007 Exploration Program

In December 2006, HudBay announced the launch of its 2007 exploration program with a budget of $45.2 million including advanced exploration on the Bur deposit, making it one of the largest exploration programs in Canada. The main focus of the program is the prolific Flin Flon greenstone belt that surrounds HudBay's Manitoba and Saskatchewan operations. Here the Company holds approximately 380,000 hectares and targets include electromagnetic anomalies, known mineral deposits and drilling of structural re-interpretations of previously mined orebodies. Outside the Flin Flon Greenstone Belt, exploration will aim to expand mineral reserves within the Balmat mine and to discover new ore bodies in the Balmat district where HudBay holds approximately 20,000 hectares. Exploration is also planned in the Yukon and in SW Ontario. Also included in the $45.2 million expenditure will be further exploration in the Company's four operating mines to continue to grow those orebodies.

Bur Deposit

In the fourth quarter, HudBay announced an investment of $8.5 million to advance its Bur deposit, near the Company's Snow Lake concentrator. The completion of the Bur project underground decline, 10,000 tonne ore sample and feasibility study is expected late in 2007. Based on exploration updates from March 20, 2006 and September 27, 2006, and assuming a positive feasibility study and production decision, the Bur deposit is targeted to provide incremental feed to HudBay's Snow Lake concentrator and the Flin Flon metallurgical plants for up to three years, producing an additional annual refined metal production of approximately 6,000 tonnes of copper, 20,000 tonnes of zinc, 2,000 oz. of gold and 45,000 oz. of silver.

Jason Property

In the first quarter of 2007, HudBay exercised its option to acquire 100% of the Jason lead/zinc mineral property (Jason Property) in the Yukon Territory from MacPass Resources Limited (MacPass). Under the terms of the option agreement entered into in 2006, HudBay made an initial payment of C$100,000 to MacPass with the balance of $0.9 million payable on exercise of the option to purchase during a six month due diligence period.

The Jason Property is located close to the Yukon-Northwest Territories border, approximately 400 km east of Whitehorse and is on the North Canol Road. The Jason Property is close to HudBay's 100% owned Tom Valley lead/zinc mineral property and the properties share a common airstrip. Both properties are at an advanced exploration stage and the Company anticipates completing the requirements of National Instrument 43-101 ("NI 43-101") and reporting the mineral resources of the two properties in the coming months.

Mineral Reserves and Resources

On January 31, 2007 HudBay announced its January 1, 2007 mineral reserves and mineral resources estimated in accordance with NI 43-101. Mineral reserves aggregate 22,785,000 tonnes. Separately, inferred mineral resources aggregate 3,244,000 tonnes. Both our mineral reserves and inferred mineral resources are contained in operating mines and have historically grown substantially as they are mined. This trend continued again with January 1, 2007 reserves and resources replacing the Company's 2006 production.

Select Financial and Operating Information

The following table sets out a summary of selected information for the Company as at and for the three-month periods ended December 31, 2006 and 2005, as well as for the year ended December 31, 2006, and 2005.

		Three Months Ended Dec 31, 2006	Three Months Ended Dec. 31, 2005	**Year Ended Dec 31, 2006**	Year Ended Dec 31, 2005
Financial Highlights			($000s except per share amounts)		
Revenue		**313,110**	173,051	**1,129,003**	652,028
Earnings before tax		**134,636**	23,864	**442,451**	74,418
Earnings (loss)		**165,788**	43,941	**563,991**	85,218
Operating cash flow [1]		**148,508**	32,349	**490,797**	123,171
Earnings (loss) per common share:					
Basic		**$1.32**	$0.52	**$5.32**	$1.04
Diluted		**$1.29**	$0.47	**$4.69**	$1.01
Operating cash flow per common share: [1]					
Basic		**$1.19**	$0.38	**$4.63**	$1.50
Diluted		**$1.16**	$0.34	**$4.08**	$1.45
Cash cost per pound of zinc sold [2]		**US ($0.21)**	US $0.23	**US ($0.43)**	US $0.16
Operating Highlights					
Production					
Zinc [3]	*tonnes*	**31,959**	30,520	**123,253**	114,687
Copper	*tonnes*	**23,194**	23,807	**88,225**	86,285
Gold	*troy oz.*	**28,143**	25,877	**97,952**	102,371
Silver	*troy oz.*	**342,963**	401,390	**1,344,927**	1,410,612
Metal Sold [4]					
Zinc, incl sales to Zochem	*tonnes*	**32,386**	29,598	**114,646**	114,682
Copper	*tonnes*	**19,901**	17,644	**79,395**	78,070
Gold	*troy oz.*	**22,112**	21,783	**82,921**	95,511
Silver	*troy oz.*	**295,545**	358,434	**1,195,142**	1,321,784
			Year Ended Dec 31, 2006		Year Ended Dec 31, 2005
Financial Condition			($000s)		
Cash and cash equivalents			**385,864**		141,660
Working capital			**647,684**		209,117
Cash (less debt) [5]			**362,639**		(66,869)
Total assets			**1,318,515**		728,753
Shareholders' equity			**964,208**		261,226

1. Cash flow from operations of $423,926 excluding $66,871 of changes in non-cash working capital. Operating cash flow per common share is considered a non-GAAP measure.
2. Non-GAAP reconciliation of cash cost per pound of zinc sold, net of by-product credits is available in the Company's 2006 MD&A.
3. Production includes Balmat metal in concentrate and sales include Balmat payable metal in concentrate shipped (including to HBMS) for which proceeds are credited to capital as pre-commercial production revenues, and therefore not included in metals sold for financial reporting purposes.
4. Excludes inventory changes prior to the contractual change with CMM.
5. Cash and cash equivalents of $385,864 less current and long term portion of senior secured notes, Province of Manitoba loan and capital leases ($3,379, $10,835, and $9,011 respectively).

For further information, please see attached hereto, HudBay's 2006 financial statements together with Management's Discussion and Analysis of Operations and Financial Condition for the year ended December 31,2006. A copy of HudBay's 2006 financial statements as well as its MD&A are available under the profile of HudBay on SEDAR at www.sedar.com and on the HudBay website at www.hudbayminerals.com.

About HudBay Minerals Inc.

HudBay Minerals Inc. is an integrated mining company operating mines, concentrators and a metal production facility in northern Manitoba and Saskatchewan. HudBay also owns a zinc oxide production facility in Ontario, the White Pine copper refinery in Michigan and the Balmat zinc mine operations in New York state. HudBay is a member of the S&P/TSX Composite Index.

Forward Looking Information

This news release contains "forward-looking information", within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to HudBay's future income and mining tax assets, exploration program, plans with respect to the Bur deposit and the Jason property. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "seeks", "expects", "budget" or variations of such words or state that certain actions, events or results "may", "could", "will", "will be", "would be" or "is expected to be". Forward-looking information is 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 information, including risks associated with the mining industry such as economic factors, government regulation and approvals, environmental risks, success of exploration activities, future commodity prices, capital expenditures, risks related to acquisitions, changes in tax policy, requirements for additional capital, changes in project parameters as plans continue to be refined, conclusions of economic evaluations 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. Although HudBay has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, 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 information. Accordingly, readers should not place undue reliance on forward-looking information. HudBay does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

To view the Management's Discussion and Analysis, please click the following link: http://www.ccnmatthews.com/docs/hbmmda7.pdf

To view the Financial Statements, please click the following link: http://www.ccnmatthews.com/docs/hbmifs.pdf

HUDBAY MINERALS INC.

Consolidated Statements of Earnings
(In thousands of Canadian dollars, except share and per share amounts)

Years ended December 31, 2006 and 2005

	2006	2005
Revenue	$ 1,129,003	$ 652,028
Expenses:		
Operating	598,053	479,234
Depreciation and amortization	64,928	53,100
General and administrative	19,756	16,946
Stock-based compensation (note 14d)	6,201	2,674
Accretion of asset retirement obligation (note 11)	2,692	2,612
Foreign exchange (gain) loss	(11,127)	2,338
	680,503	556,904
Operating earnings	448,500	95,124
Gain on derivative instruments (note 16a,b)	22,558	5,319
Other income (note 22)	17,450	3,996
Foreign exchange gain on long term debt	4,907	6,825
Amortization of deferred financing fees	(7,610)	(2,342)
Interest expense	(10,971)	(21,939)
Exploration	(12,311)	(11,281)
Premium on long-term debt prepayment (note 8a)	(20,072)	(1,284)
Earnings before income taxes	442,451	74,418
Tax benefit (note 13a)	121,540	10,800
Net earnings for the year	$ 563,991	$ 85,218
Earnings per share:		
Basic	$ 5.32	$ 1.04
Diluted	4.69	1.01
Weighted average number of common shares outstanding (note 14f):		
Basic	105,979,721	82,008,190
Diluted	120,334,201	84,767,082

See the financial statements as filed on SEDAR.

HUDBAY MINERALS INC.

Consolidated Statements of Retained Earnings
(In thousands of Canadian dollars)

Years ended December 31, 2006 and 2005

	2006	2005
Retained earnings (deficit), beginning of year	$ 78,732	$ (6,486)
Net earnings for the year	563,991	85,218
Retained earnings, end of year	$ 642,723	$ 78,732

HUDBAY MINERALS INC.

Consolidated Balance Sheets
(In thousands of Canadian dollars)
December 31, 2006 and 2005

	2006	2005
Assets:		
Current assets:		
Cash and cash equivalents	$ 385,864	$ 141,660
Accounts receivable	132,275	44,898
Inventories (note 4)	163,842	116,596
Prepaid expenses	7,288	3,625
Current portion of fair value of derivatives (note 16a,b)	2,579	4,483
Future income and mining tax assets (note 13b,c)	154,063	26,200
	845,911	337,262
Property, plant and equipment (note 5)	444,044	378,207
Other assets (note 6)	28,560	13,284
	$ 1,318,515	$ 728,753
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	$ 140,449	$ 91,930
Interest payable on long-term debt	149	8,004
Taxes payable	30,217	-
Future income taxes payable (note 13a)	543	-
Current portion of other liabilities (note 7)	26,868	28,211
	198,226	128,145
Long-term debt (note 8)	10,214	191,493
Pension obligation (note 9)	41,675	46,743
Other employee future benefits (note 10)	65,083	61,250
Asset retirement obligations (note 11)	33,548	29,219
Obligations under capital leases (note 12)	4,979	9,011
Future income tax liabilities (note 13b)	582	1,666
	$ 354,307	$ 467,527
Shareholders' equity:		
Share capital:		
Common shares (note 14b)	308,441	143,611
Warrants (note 14c)	3	28,931
Contributed surplus (note 14e)	13,098	10,015
Cumulative translation adjustment	(57)	(63)
Retained earnings	642,723	78,732
	964,208	261,226
	$ 1,318,515	$ 728,753

See the financial statements as filed on SEDAR.

HUDBAY MINERALS INC.

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

Years ended December 31, 2006 and 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Net earnings for the year	$ 563,991	$ 85,218
Items not affecting cash:		
Depreciation and amortization	64,928	53,100
Future tax benefit	(151,588)	(11,858)
Unrealized foreign exchange gain	(5,393)	(4,012)
Amortization of deferred financing costs	7,610	2,342
Accretion expense on asset retirement obligation	2,692	2,612
Stock-based compensation (note 14d)	6,201	2,674
Unrealized portion of change in fair value of derivative	3,114	(562)
Gain on divestiture of ScoZinc (note 22)	(1,655)	-
Other	897	(6,343)
	490,797	123,171
Change in non-cash working capital (note 20a)	(66,871)	21,691
	423,926	144,862
Financing activities:		
Repayment of senior secured notes (note 8a)	(173,142)	(21,953)
Repayment of obligations under capital leases (note 12)	(3,825)	(3,672)
Repayment of loans payable (note 8b)	(4,000)	(2,000)
Deferred financing cost	-	(350)
Issuance of common shares, net of costs (note 14b)	16,771	20,607
Proceeds of exercise of stock options (note 14d)	8,306	-
Proceeds on exercise of warrants (note 14b,c)	111,368	-
	(44,522)	(7,368)

HUDBAY MINERALS INC.

	2006	2005
Investing activities:		
Additions to property, plant and equipment	(119,250)	(70,924)
Acquisition of White Pine Copper Refinery, Inc., net of cash acquired (note 3)	(17,041)	-
Decrease in restricted cash	-	13,000
Additions to environmental deposits	16	31
Divestiture of ScoZinc (note 22)	7,412	-
Sale of investments	-	463
Purchase of investments	(6,823)	-
	(135,686)	(57,430)
Effect of exchange rate changes on cash and cash equivalents	486	(2,957)
Change in cash and cash equivalents	244,204	77,107
Cash and cash equivalents, beginning of year	141,660	64,553
Cash and cash equivalents, end of year	$ 385,864	$ 141,660
Cash and cash equivalents is comprised of:		
Cash on hand and demand deposits	$ 157,655	$ 55,272
Short term money market instruments	228,209	86,388
	$ 385,864	$ 141,660

See the financial statements as filed on SEDAR.