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News release

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HudBay Minerals Announces Subscription, Option and Joint Venture Agreement with Aquila Resources

TORONTO, ONTARIO, Aug 6, 2009 (Marketwire via COMTEX News Network) -- HudBay Minerals Inc. ("HudBay", "the company") (TSX:HBM) today announced that it has entered into an agreement with Aquila Resources Inc. ("Aquila") (TSX:AQA) granting HudBay the right to acquire a majority interest in Aquila's Back Forty Project (the "Project"), located in Menominee County, Michigan.

Under the agreement, HudBay has agreed to subscribe for 12,141,051 common shares of Aquila, a 14.9% ownership interest, at a price of CDN\$0.1827 per share for an investment of CDN\$2.2 million. Completion of the subscription is subject to receipt of approval from the Toronto Stock Exchange. Upon completion of the subscription, HudBay will obtain an option to acquire a 51% ownership interest in the Project through the expenditure of US\$10 million within three years and the right to further increase its ownership to 65% by completing a feasibility study, submitting an application for permitting the Project and making certain option payments. Upon HudBay acquiring a 51% interest in the Project, a joint venture will be formed between the parties. HudBay will act as operator for the joint venture and will have marketing rights to the metal production from the Project.

The Back Forty Project includes an advanced exploration-stage volcanogenic massive sulfide ("VMS") deposit containing zinc, gold, copper and silver. An updated NI 43-101 compliant resource estimate announced on January 15, 2009 by Aquila consists of 8.5 million tonnes in the measured and indicated category and an additional 1.2 million tonnes in the inferred category. Much of the deposit can be mined using open pit methods, which could allow for faster, lower cost mine development compared to underground mining. The Project also includes an exploration land package of approximately 9,600 acres which will allow HudBay to use its award winning exploration techniques for VMS deposits.

"This is an excellent opportunity for HudBay to advance the Project towards production, and is a close fit with our strategic plan," said Peter R. Jones, HudBay's chief executive officer. "HudBay brings experience in mining 27 VMS deposits in northern Manitoba, together with local operating knowledge in Michigan at its White Pine copper refinery. As a significant potential open pit zinc mine the Project may also supply concentrate to our Flin Flon metallurgical plant."

"Aquila's strong relationship with the local community mirrors HudBay's commitment to positive stakeholder engagement and will help support Project permitting," added Mr. Jones. "This agreement presents a win-win for both HudBay and Aquila, and we look forward to advancing the Project toward production."

Thomas O. Quigley, President and CEO of Aquila commented: "HudBay brings to the Project its development and operating expertise, as well as financial resources and marketing expertise for the products to be produced at Back Forty. The transaction announced today is a strong fit with the Aquila strategy of working to create shareholder value by participating in building and maintaining economically sound, environmentally responsible operations with a focus on safety and social responsibilities."

Discovered in 2002, the Back Forty Project is comprised of discrete zones of massive sulfide, stringer, and gold only mineralization, each with high-grade components. Massive sulfide has been traced along strike for nearly 1 kilometre and to a vertical depth of 500 meters. Numerous gold enriched zones occur in close proximity to the massive sulfides. A number of zones at the Back Forty deposit remain open.

The January 2009 NI 43-101 compliant resource statement released by Aquila, and available at www.sedar.com, is summarized in the table below.

Mineral Resource Statement(1) for the Back Forty Deposit, Michigan, U.S.A.,
 SRK Consulting, January 12, 2009.

Grade						

Resource						
Category	Tonnes	Gold (g/t)	Zinc (%)	Silver (g/t)	Copper (%)	Lead (%)

Open Pit Resources(2)						
Measured	4,660,000	2.04	3.64	29.2	0.68	0.08
Indicated	1,260,000	4.03	5.63	47.3	0.37	0.30
Measured & Indicated	5,920,000	2.46	4.06	33.1	0.61	0.13
Inferred	620,000	3.68	2.46	46.5	0.15	0.44
Underground Resources(3)						
Measured	1,060,000	1.21	9.23	26.5	0.39	0.86
Indicated	1,510,000	1.51	9.11	24.0	0.19	0.47
Measured & Indicated	2,580,000	1.39	9.16	25.0	0.28	0.63
Inferred	550,000	2.03	6.62	36.4	0.28	0.67
Combined Open Pit & Underground						
Measured & Indicated	8,500,000	2.13	5.61	30.6	0.51	0.28
Inferred	1,170,000	2.90	4.42	41.7	0.21	0.55

- (1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on metal price assumptions of US\$0.79 per pound zinc, US\$1.89 per pound copper, US\$0.55 per pound lead, US\$678 per troy ounce gold and US\$10 per troy ounce silver. Metallurgical recoveries were determined and used for each of eight metallurgical domains determined for the deposit.
- (2) Cut off grades for each of eight metallurgical domains based on NSR values, average cut-off grade for open pit resource contained within an optimized pit shell US\$20.
- (3) Cut off grades were determined for each of eight metallurgical domains based on NSR values, average cut-off grade for underground resources outside of an optimized pit shell is US\$62.

The January 2009 mineral resource statement places the Back Forty deposit in the top 20 percent in terms of size and contained zinc when compared to 137 Canadian VMS deposits with reported production and reserves, and in the top 10 percent of Canadian VMS deposits in terms of contained gold in the mineral resource. When compared to published geologic tonnages for 846 VMS deposits worldwide, Back Forty ranks in the top 18 percent for size, the top 16 percent for contained zinc, and the top 10 percent for contained gold (Source: Geological Survey of Canada, Mineral Deposits of Canada: Synthesis of mineral deposits knowledge, Volcanogenic-Associated Massive Sulfide Deposits, Appendix 1).

Michigan has a long history of mining activity with base metal and iron ore mines. The state passed a new mining law in 2004, which provides a clear framework for permitting the Project. Most local, regional, and state stakeholders appear to be very receptive to the new economic activity that this development could provide.

Additional information on the Project is available at Aquila's web site at www.aquilaresources.com.

Key terms of the subscription, option and joint venture agreement (the "Agreement") with Aquila are as follows:

- HudBay will subscribe for 12,141,051 common shares of Aquila, a 14.9% undiluted ownership interest, at a price of CDN\$0.1827 per share for an investment of CDN\$2.2 million, subject to regulatory approval. The shares issued to HudBay will be subject to a four month hold period.

- While HudBay maintains at least a 10% ownership interest, HudBay will have the right to nominate a director to Aquila's board of directors and will have preemptive rights to maintain its ownership interest. HudBay has also agreed to provisions related to the orderly disposition of its interest in Aquila, should HudBay choose to make such a disposition.

- To acquire a 51% ownership interest in the Project, HudBay must complete expenditures of US\$10 million on the Project prior to the third anniversary of the Agreement, made up of US\$3 million by the first anniversary, US\$3 million by the second anniversary, and the final US\$4 million by the third anniversary.

HudBay is not obliged to make those expenditures if it chooses not to exercise its option, and HudBay may accelerate the expenditures if it chooses.

- HudBay may increase its interest in the Project from 51% to 65% by (i) funding and completing a feasibility study; (ii) funding and submitting a permitting application; and (iii) making outstanding specified option payments, if any. Expenditures on these activities can also contribute towards HudBay's requirement to spend US\$10 million to acquire a 51% interest.

- Once a feasibility study is complete and permitting applications are submitted, if HudBay elects to put the Project into production, Aquila will have 90 days to arrange financing for its share of Project costs. If Aquila is unable or elects not to obtain such financing, HudBay, by assuming the obligation to finance 100% of the development costs, will increase its ownership in the Project by a further 10% to 75%. Aquila's 25% share of the development costs would then be deducted from Aquila's share of distributable cash flow from the Project.

- HudBay will have exclusive marketing rights to sell production to HudBay or third parties on commercial terms. While HudBay retains the largest ownership interest in the Project, HudBay will also be the operator.

- If the feasibility study is not completed and all applications for permitting are not submitted on or before the fourth anniversary of the Agreement, Aquila has the right to re-acquire HudBay's 51% JV interest by reimbursing HudBay 50% of its total expenditures in respect of the Project incurred from the execution of the Agreement. If the Project is not brought into commercial production within four years from the grant of mining permits, Aquila may re-acquire HMI's 65% JV interest by reimbursing HudBay 50% of its total Project expenditures incurred after execution of the Agreement.

HudBay is developing a work plan for the Project. The resource contained within the potential pit shell is well delineated. However, some additional near surface exploration drilling may be carried out to follow up on a recent gold mineralization discovery by Aquila in their most recent exploration campaign. Baseline environmental work is expected to be completed this month and detailed environmental studies initiated shortly thereafter. A priority will be to complete a scoping study on the Project to confirm the concepts of mining, processing, environmental protection, and infrastructure.

With the continued support of Aquila and subject to confirmation of the technical, commercial and financial viability of the Project and the receipt of permits on a timely basis, HudBay is expecting to develop a new polymetallic mine on the Back Forty property within the next three to four years.

Qualified Person

The data herein and the contents of this news release have been reviewed by Cashel Meagher, Director, Technical Services and Exploration with HudBay, who is a Qualified Person within the meaning of NI 43-101, with the ability and authority to verify the authenticity and validity of the data.

HudBay Minerals Inc.: Strength to Build the Future

HudBay Minerals Inc. (TSX:HBM) is a Canadian integrated mining company with assets in North and Central America principally focused on the discovery, production and marketing of base metals. The company's objective is to maximize shareholder value through efficient operations, organic growth and accretive acquisitions, while maintaining its financial strength. A member of the S&P/TSX Composite Index and the S&P/TSX Global Mining Index, HudBay is committed to high standards of corporate governance and sustainability.

Forward Looking Information

This news release and its attachments contain "forward-looking information" within the meaning of applicable securities laws. Forward looking information includes but is not limited to information concerning the agreement entered into with Aquila and the performance of Aquila under the agreement, potential exploration and development plans for the Back Forty Project, metal supply to HudBay's metallurgical facilities, and HudBay's strategies and future prospects. Generally, forward-looking information 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", "understands" or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "will", "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the views, opinions, intentions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated or projected in the forward-looking information (including the actions of other parties who have agreed to do certain things and the approval of certain regulatory bodies).

Many of these assumptions are based on factors and events that are not within the control of HudBay and there is no assurance they will prove to be correct. Factors that could cause actual results or events to vary materially from results or events anticipated by such forward-looking information include risks associated with the mining industry such as economic factors (including future commodity prices, currency fluctuations and energy prices), failure of plant, equipment, processes and transportation services to operate as anticipated, dependence on key personnel and employee relations, environmental risks, government regulation, actual results of current exploration activities, possible variations in ore grade or recovery rates, permitting timelines and conditions, capital expenditures, reclamation activities, land titles, and social and political developments and other risks of the mining industry, as well as those risk factors discussed in the company's Annual Information Form dated March 30, 2009, which risks may cause actual results to differ materially from any forward-looking statement.

Although HudBay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. HudBay undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws, or to comment on analyses, expectations or statements made by third parties in respect of HudBay, its financial or operating results or its securities. The reader is cautioned not to place undue reliance on forward-looking information.

SOURCE: HudBay Minerals Inc.

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