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## News release

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# HudBay Enters Into Letter of Intent With VMS Ventures

TORONTO, ONTARIO, Mar 4, 2010 (Marketwire via COMTEX News Network) -- HudBay Minerals Inc. ("HudBay", the "company") (TSX:HBM) today announced it has, through a subsidiary, entered into a non-binding letter of intent with VMS Ventures Inc. ("VMS") (TSX VENTURE:VMS) respecting HudBay's copper-rich Reed Lake property in Manitoba's Flin Flon Greenstone Belt, which is presently under option to VMS, the two southern claims immediately adjacent to the Reed Lake property as well as certain other adjacent exploration properties, which are held by VMS.

The letter of intent contemplates that the parties will enter into a definitive joint venture agreement respecting the Reed Lake property and the two claims immediately south of the Reed Lake property. HudBay would obtain a 70% interest in the joint venture and VMS would obtain a 30% interest. Upon execution of the definitive joint venture agreement, HudBay will make certain cash payments to VMS in satisfaction of its obligation to earn back in to the property and as consideration for VMS transferring the southern claims to the joint venture. In turn, VMS will abandon all disputes respecting the location of the boundary between the Reed Lake property and the southern claims.

Upon establishment of the joint venture, HudBay will act as operator with authority and discretion as to the exploration and potential development of the Reed Lake property and will have exclusive rights to purchase and market the ore produced from the property. HudBay would also provide full financing for VMS's proportionate share of the costs to develop the property, which would be repayable solely from VMS's share of cash flow generated by the project.

The letter of intent also contemplates that, concurrently with the entering into of the joint venture agreement, HudBay and VMS will enter into an option agreement which will grant HudBay options to earn a 70% interest in four adjacent properties held by VMS, including the Tower Zone and Super Zone properties. Upon making certain cash payments and meeting work commitments over two to three years, HudBay will earn a 70% interest in the applicable property and a new joint venture will be formed between HudBay and VMS which will have substantially the same terms as the Reed Lake joint venture. Any failure to make the required cash payments and work commitments with respect to a particular property would cause that property to revert to VMS but would not affect HudBay's option over the other properties.

"We are pleased to enter into this letter of intent with VMS," said W. Warren Holmes, HudBay's executive vice chairman and interim chief executive officer. "We look forward to working with VMS to advance the Reed Lake property towards feasibility and to advance the exploration of several promising targets on the option properties. Bringing the Reed Lake deposit into production will provide feed for our Flin Flon concentrator and create numerous jobs in the area."

The establishment of the joint venture and option arrangements is contingent on the parties reaching mutually satisfactory definitive agreements and on receiving all necessary corporate and third party approvals. HudBay and VMS anticipate that definitive agreements can be completed by May 31, 2010.

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 contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, terms of joint venture and option arrangements and the ability to complete and execute definitive agreements. 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", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions 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 projected in the forward-looking information. 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 to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in ore grade or recovery rates, risks relating to international operations, fluctuating metal prices and currency exchange rates, economic factors, government regulation and approvals, environmental and reclamation risks, costs, timing and amount of future production, capital expenditures and requirements for additional capital, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, permitting timelines, labour disputes and the availability of skilled labour, results of exploration and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, as well as those risk factors discussed in the Annual Information Form for the year ended December 31, 2008 for HudBay Minerals Inc. available at [www.sedar.com](http://www.sedar.com). 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. The reader is cautioned not to place undue reliance on forward-looking information.

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SOURCE: HudBay Minerals Inc.

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