



HudBay Minerals Inc.
Dundee Place
1 Adelaide Street East
Suite 2501
Toronto ON M5C 2V9
Canada

Tel 416 **362-8181**
Fax 416 362-7844
hudbayminerals.com

News release

TSX – HBM
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HudBay Makes Investment in Augusta Resource Corporation

Toronto, Ontario, August 23, 2010 - HudBay Minerals Inc. ("HudBay", the "company") (TSX: HBM) announced that it has entered into a subscription agreement with Augusta Resource Corporation ("Augusta") (TSX/NYSE Amex: AZC) providing for the sale to HudBay on a private placement basis of 10,905,590 Units for a purchase price of C\$2.75 per Unit for total consideration of C\$29,990,372. Each Unit consists of one common share of Augusta and one-half of one common share purchase warrant of Augusta (the "Warrants"). Each whole Warrant will entitle HudBay to acquire one common share of Augusta at an exercise price of C\$3.90 at any time during the 18 months following closing of the transaction (subject to early expiry of the Warrants in certain circumstances).

Upon closing of the subscription, which is subject to certain customary conditions including approval of the listing of the common shares to be issued to HudBay, HudBay will own and have control over 14,789,490 common shares of Augusta (approximately 11.0% of the issued and outstanding common shares), and will own 5,452,795 Warrants (100% of the outstanding Warrants) (representing approximately 13.6% of the issued and outstanding common shares of Augusta on a fully-diluted basis). Pursuant to the subscription agreement, Augusta has granted to HudBay the right to participate in future equity financings that might be undertaken by Augusta in the 24 months following closing of the transaction on a basis that would permit HudBay to maintain its then current percentage equity ownership of Augusta.

The acquisition of the common shares and Warrants of Augusta was made to assist Augusta in the financing of the development of the Rosemont project. HudBay will evaluate the investment in Augusta and may, among other things, increase or decrease its ownership and possibly pursue strategic initiatives with or in respect of Augusta depending on factors including market conditions, the business and prospects of Augusta and other alternatives available to HudBay from time to time.

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 metals with its corporate offices at 1 Adelaide Street East, Suite 2500, Toronto, Ontario. 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

Certain of the statements made and information contained herein may contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information includes, but is not limited to, information concerning the anticipated closing of the transaction contemplated by the subscription agreement referred to in the news release and HudBay's future intentions with respect to its investment in Augusta. 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. 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.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States, nor shall there be any sale of securities in any state in which such offer, solicitation or sale would be unlawful. The securities, including the common shares to be issued upon the exercise of the Warrants, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 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 (as defined in Regulation S under the 1933 Act) absent such registration or an applicable exemption from such registration requirements.

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For further information, please contact:

HudBay Minerals Inc.
John Vincic
Vice President, Investor Relations and Corporate Communications
(416) 362 0615
Email: john.vincic@hudsonbayminerals.com
www.hudsonbayminerals.com