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News release

TSX – HBM
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HudBay Minerals Announces Results of Lalor Optimization Study; Commitment to New 4,500 Tonne Per Day Concentrator

Highlights

- Lalor tradeoff studies support an enhanced production plan made possible by the construction of a new concentrator and paste backfill plant; these improvements are expected to increase HudBay's overall capital expenditure investment by \$144 million for a total of \$704 million, which includes approximately \$120 million spent to date
- Operating costs per tonne expected to decrease by 35% to \$52 per tonne due to economies of scale and other efficiencies as the new concentrator is expected to enable a 29% increase in ore milling capacity to 4,500 tonnes per day

TORONTO, ONTARIO -- (MARKET WIRE) -- 07/05/11 -- HudBay Minerals Inc. ("HudBay", the "company") (TSX: HBM)(NYSE: HBM) today announced the results of its Lalor optimization study, which supports an incremental capital expenditure investment of \$144 million to build a new concentrator at Lalor instead of refurbishing the company's existing Snow Lake concentrator.

"Because of the high quality of the Lalor deposit, we pursued a fast-track commitment to Lalor in August 2010, which was based on the robust economics that were achievable from refurbishing our existing concentrator," said David Garofalo, president and chief executive officer. "However, Lalor is a large enough deposit to support a new, dedicated concentrator, and we are pleased to commit to a further investment in the future of our Manitoba operations. The new concentrator, with a higher production rate and related efficiencies, together with a paste backfill plant, is expected to allow for an extended mine life and enhance the economics of the Lalor project."

Lalor Concentrator Expected to Provide Significant Economies of Scale

As originally planned, the company's mine plan for Lalor contemplates an initial phase of production commencing in the second quarter of 2012 from the base metal zones following completion of the ramp from the company's Chisel North mine. Up to 1,200 tonnes per day of ore are expected to be extracted via Lalor's ventilation shaft. This initial production will replace production from the Chisel North mine, which is expected to reach the end of its mine life in 2012. Construction of the new 4,500 tonne per day concentrator, adjacent to the previously planned 985 meter production shaft, is expected to commence in early 2013 and is scheduled for completion in late 2014 to coincide with the completion of the production shaft.

Including the new concentrator, the total estimated project cost for Lalor is \$704 million, of which approximately \$120 million has been spent to date. The capital spending is expected to occur over the 2011-2014 period as follows:

2011	\$140 million
2012	\$190 million
2013	\$185 million
2014	\$130 million

As a result of the decision to build a new concentrator and paste backfill plant, certain assumptions in the company's preliminary economic assessment respecting Lalor, as disclosed in its August 4, 2010 news release, have changed as follows:

-- Total onsite operating costs are expected to average \$52 per tonne (\$36 per tonne mining and \$16 per tonne milling) over the mine life

-- Approximate annual ore production at Lalor is expected as follows:

2012	100,000 tonnes
2013	320,000 tonnes
2014	540,000 tonnes
2015	1,040,000 tonnes
2016	1,220,000 tonnes
2017	1,440,000 tonnes
2018 onwards	1,625,000 tonnes

-- Average annual sustaining capital expenditures of approximately \$22 million, assuming a mine life extending to beyond 2030

HudBay is optimistic that unclassified material from the gold zone and copper-gold zone will be upgraded into a resource following the completion of exploration from underground drilling platforms that will become available following completion of the ramp from Chisel North mine and that such material will enable the extension of the mine life beyond 2030.

The preliminary economic assessment prepared by HudBay is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied that would enable them to be classified as mineral reserves and there is no certainty that the preliminary economic assessment will be realized. Among the risks associated with the decision to commence production at Lalor is the possibility that the gold zone and copper-gold zone will not be economically or technically viable and that construction timetables and cost estimates may not be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Lalor Project

Probable Mineral Reserves - January 1, 2011

Category	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Probable	10,525,000	1.55	21.00	0.64	8.31

Summary of Mineral Resource - May 1, 2010

Zone	Category	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Base Metal	Indicated	2,552,000	1.04	27.07	0.29	5.72
Base Metal	Inferred	4,800,000	1.3	26.2	0.58	9.25
Gold Zone	Inferred	5,400,000	4.7	30.6	0.47	0.46

Summary of Potential Conceptual Estimate - May 1, 2010

Zone	Category	Tonnes (M)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Gold Zone	Potential	5.1 - 6.1	4.3 - 5.1	23 - 27	0.2 - 0.4	0.2 - 0.4
Copper-						
Gold						
Zone	Potential	1.8 - 2.2	5.8 - 7.0	18 - 22	3.2 - 4.0	0.2 - 0.3

The potential quantity and grade of the gold zone and copper-gold zone are conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the targets being delineated as mineral resources. Mineral resources and potential conceptual estimates are exclusive of and additional to stated mineral reserves.

While metallurgical characterization is on-going, concentrator recoveries are currently expected to be 95% zinc, 86% copper, 66% gold, and 60% silver. Construction of a gold plant, which could significantly enhance precious metal recoveries, is still under consideration. Metallurgical test work is ongoing and a decision is expected well in advance of the mining of higher grade gold mineralization in the Lalor mine plan.

Lalor Mine Development Proceeding on Schedule

The Lalor project's development and site construction are proceeding on schedule. Initial production from the 3,200 meter access ramp is scheduled in the second quarter of 2012 and full production from the 985 meter production shaft is anticipated in late 2014. The company continues to make significant progress on the planned access ramp at the Lalor project, having advanced approximately 2,300 meters from the Chisel North mine to date. The ramp is planned to intersect the base of the ventilation shaft that is currently under construction by the first quarter of 2012. Once completed, the ramp will enable HudBay to establish an underground drill platform to better define the gold and copper-gold zones.

For additional detail on the Lalor project please refer to the NI 43-101 compliant technical report for Lalor entitled "Technical Report for Lalor Deposit, Snow Lake, Manitoba, Canada" dated October 8, 2009, (the "Lalor Technical Report") and the company's Annual Information Form for the year ended December 31, 2010, available at www.sedar.com.

Conference Call and Webcast

Date: Tuesday, July 5, 2011
Time: 4:00 p.m. ET
Webcast: www.hudbayminerals.com
Dial in: 416-644-3415 or 800-814-4860
Replay: 416-640-1917 or 877-289-8525

The conference call replay will be available until midnight (Eastern Time) on July 14, 2011. An archived audio webcast of the call also will be available on HudBay's website.

HudBay Minerals Inc.

HudBay Minerals Inc. (TSX: HBM)(NYSE: HBM) is a Canadian integrated mining company with assets in North, Central and South America principally focused on the discovery, production and marketing of base and precious 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.

Qualified Person

The technical and scientific information in this news release has been approved by Robert Carter, P.Eng., superintendant, mines technical services for HudBay. Mr. Carter is a "qualified person" for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Quality Assurance and Quality Control

The scientific and technical information contained in this news release was verified in the manner described in the Lalor Technical Report.

Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Forward-looking information includes, but is not limited to, information with respect to the company's ability to develop its Lalor project, operating and capital costs, mine life assumptions, the ability of management to execute on key strategic and operational objectives and meet production forecasts, exploration expenditures and activities and the possible success of such exploration activities, and mineral pricing. Often, but not always, forward-looking information can be identified by the use of forward-looking words like "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "understands", "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 as of the date such information is provided and 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 the ability to develop and operate the Lalor project on an economic basis and in accordance with applicable timelines, geological and technical conditions, 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, 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 or referred to in HudBay's Annual Information Form under the heading "Risk Factors".

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. In addition, certain forward-looking information relate to prospective results of operations, financial position or cash flows based on assumptions about future economic conditions or courses of action.

Such information is provided in attempt to assist the reader in identifying trends and anticipated events that may affect HudBay's business, results of operations and financial position and may not be appropriate for other purposes. 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. Accordingly, readers should not place undue reliance on forward-looking information. HudBay does not undertake to update any forward-looking information, 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.

Note to United States Investors

Information concerning our mineral properties has been prepared in accordance with the requirements of Canadian securities laws, which differ in material respects from the requirements of SEC Industry Guide 7. Under Securities and Exchange Commission (the "SEC") Industry Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time of the reserve determination, and the SEC does not recognize the reporting of mineral deposits which do not meet the United States Industry Guide 7 definition of "Reserve". In accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by NI 43-101, the SEC does not recognize them. You are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. Under Canadian securities laws, estimates of inferred mineral resources may not form the basis of an economic analysis. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category.

Therefore, you are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it

will ever be upgraded to a higher category. Likewise, you are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves.

You are urged to consider closely the disclosure on the technical terms in Schedule A "Glossary of Mining Terms" of HudBay's annual information form for the fiscal year ended December 31, 2010, available on SEDAR at www.sedar.com and incorporated by reference as Exhibit 99.1 in the Offeror's Form 40-F filed on March 31, 2011 (File No. 001-34244).

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