HUDBAY MINERALS INC.

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

	Three months ended December 31		Year ended December 31	
	2008	2007	**2008**	2007
Revenue	**$ 178,781**	$ 242,596	**$ 981,894**	$ 1,269,841
Expenses:				
Operating	**155,589**	160,079	**685,616**	730,748
Depreciation and amortization	**20,313**	25,610	**88,295**	94,697
General and administrative	**8,483**	5,041	**30,578**	18,188
Stock-based compensation	**2,133**	1,969	**11,952**	11,979
Accretion of asset retirement obligations	**1,035**	915	**3,847**	3,282
Foreign exchange (gain) loss	**(34,759)**	2,578	**(42,348)**	22,578
	152,794	196,192	**777,940**	881,472
Earnings before the following:	**25,987**	46,404	**203,954**	388,369
Exploration	**(5,697)**	(6,223)	**(25,583)**	(33,067)
Interest and other income	**5,881**	8,593	**26,217**	33,841
Gain (loss) on derivative instruments	**1,639**	3,120	**(589)**	(3,515)
Asset impairment losses	**(3,196)**	(20,172)	**(30,433)**	(20,172)
Share of losses of equity investee	**-**	-	**(3,915)**	-
Earnings before tax	**24,614**	31,722	**169,651**	365,456
Tax expense	**8,795**	3,263	**96,298**	138,317
Net earnings for the period	**$ 15,819**	$ 28,459	**$ 73,353**	$ 227,139
Earnings per share:				
Basic	**$0.10**	$0.22	**$0.54**	$1.79
Diluted	**$0.10**	$0.22	**$0.54**	$1.77
Weighted average number of common shares outstanding:				
Basic	**153,007,420**	127,310,761	**135,902,627**	126,847,106
Diluted	**153,333,738**	128,627,914	**136,713,080**	128,507,554

HUDBAY MINERALS INC.

Consolidated Balance Sheets
Unaudited
(In thousands of Canadian dollars)

	December 31, 2008	December 31, 2007
Assets:		
Current assets:		
Cash, cash equivalents and short-term investments	**$ 704,668**	$ 757,574
Accounts receivable	**68,879**	71,511
Inventories	**146,645**	183,739
Prepaid expenses and other current assets	**8,196**	7,646
Cash held in trust	**3,836**	-
Future income and mining tax assets	**21,217**	43,809
Current portion of fair value of derivatives	**4,198**	7,635
	957,639	1,071,914
Property, plant and equipment	**817,879**	450,334
Available-for-sale investments	**118,960**	2,706
Other assets	**23,875**	26,673
	$ 1,918,353	$ 1,551,627
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 137,776**	$ 142,994
Taxes payable	**22,297**	6,409
Current portion of other liabilities	**33,889**	41,605
	193,962	191,008
Long-term debt	**-**	3,208
Pension obligations	**28,133**	38,846
Other employee future benefits	**74,128**	70,153
Asset retirement obligations	**41,317**	35,046
Obligations under capital leases	**100**	1,611
Future income tax liabilities	**22,013**	718
Fair value of derivatives	**-**	19,804
	$ 359,653	$ 360,394
Shareholders' equity:		
Share capital:		
Common shares	**$ 632,380**	$ 311,143
Warrants	**20**	1
Contributed surplus	**32,345**	16,633
Retained earnings	**912,289**	868,857
Accumulated other comprehensive loss	**(18,334)**	(5,401)
	1,558,700	1,191,233
	$ 1,918,353	$ 1,551,627

HUDBAY MINERALS INC.

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

	Three months ended December 31		Year ended December 31	
	2008	2007	**2008**	2007
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	**$ 15,819**	$ 28,459	**$ 73,353**	$ 227,139
Items not affecting cash:				
Depreciation and amortization	**20,313**	25,610	**88,295**	94,697
Stock-based compensation	**2,133**	1,969	**11,952**	11,979
Accretion expense on asset retirement obligations	**1,035**	915	**3,847**	3,282
Foreign exchange (gain) loss	**(7,634)**	(6,906)	**(19,298)**	1,528
Change in fair value of derivatives	**429**	13,155	**(2,553)**	16,643
Asset impairment losses	**3,196**	20,172	**30,433**	20,172
Future tax expense (benefit)	**8,385**	(275)	**49,365**	106,140
Revenue reclassified from OCI	**(2,853)**	-	**(843)**	-
Share of losses of equity investee	**-**	-	**3,915**	-
Other	**(2,018)**	710	**(3,805)**	(3,690)
	38,805	83,809	**234,661**	477,890
Change in non-cash working capital	**12,323**	9,156	**12,045**	20,283
	51,128	92,965	**246,706**	498,173
Financing activities:				
Repayment of loans payable	**-**	-	**(7,500)**	(4,000)
Repayment of obligations under capital leases	**(1,965)**	(1,042)	**(4,470)**	(4,030)
Repurchase of common shares	**-**	(6,184)	**(53,291)**	(6,184)
Issuance of common shares, net of costs	**-**	(10)	**-**	(10)
Proceeds on exercise of warrants	**-**	-	**-**	10
Proceeds on exercise of stock options	**122**	331	**622**	7,690
	(1,843)	(6,905)	**(64,639)**	(6,524)
Investing activities:				
Additions to property, plant and equipment	**(53,939)**	(37,856)	**(144,717)**	(116,938)
Purchase of short-term investments	**-**	-	**(602,824)**	-
Sale of short-term investments	**123,883**	-	**123,883**	-
Purchase of equity investments - HMI Nickel	**-**	-	**(95,221)**	-
Purchase of other non-current investments	**(142,684)**	(488)	**(145,193)**	(888)
Cash acquired with HMI Nickel, net of cash paid	**(139)**	-	**130,747**	-
	(72,879)	(38,344)	**(733,325)**	(117,826)
Effect of exchange rate changes on cash and cash equivalents	**7,761**	6,975	**19,411**	(2,113)
Change in cash and cash equivalents	**(15,833)**	54,691	**(531,847)**	371,710
Cash and cash equivalents, beginning of period	**241,560**	702,883	**757,574**	385,864
Cash and cash equivalents, end of period	**225,727**	757,574	**225,727**	757,574
Short-term investments	**478,941**	-	**478,941**	-
Cash, cash equivalents and short-term investments	**$ 704,668**	$ 757,574	**$ 704,668**	$ 757,574

HUDBAY MINERALS INC.

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

	Three months ended December 31		Year ended December 31	
	2008	2007	**2008**	2007
Retained earnings, beginning of period	**$ 896,470**	$ 840,398	**$ 868,857**	$ 642,723
Net earnings for the period	**15,819**	28,459	**73,353**	227,139
Transition adjustment - financial instruments	**-**	-	**-**	(1,005)
Share repurchases	**-**	-	**(29,921)**	-
Retained earnings, end of period	**$ 912,289**	$ 868,857	**$ 912,289**	$ 868,857

Consolidated Statements of Comprehensive Income
Unaudited
(In thousands of Canadian dollars)

	Three months ended December 31		Year ended December 31	
	2008	2007	**2008**	2007
Net earnings for the period	**$ 15,819**	$ 28,459	**$ 73,353**	$ 227,139
Other comprehensive income (loss), net of tax:				
Net gains (losses) on cash flow hedges	**11,058**	14,932	**12,372**	(5,227)
Net (losses) gains on available-for-sale investments	**(25,119)**	2,383	**(25,491)**	(459)
Currency translation adjustments	**128**	(2)	**186**	(126)
	(13,933)	17,313	**(12,933)**	(5,812)
Comprehensive income for the period	**$ 1,886**	$ 45,772	**$ 60,420**	$ 221,327