

Interim Consolidated Financial Statements  
(In Canadian dollars)

## **HUBBAY MINERALS INC.**

For the Three Months and Year Ended December 31, 2009

# HUDBAY MINERALS INC.

Consolidated Balance Sheets  
Unaudited  
(in thousands of Canadian dollars)

	2009	2008
<b>Assets</b>		
Current assets		
Cash, cash equivalents and short-term investments	\$ 886,814	\$ 704,668
Accounts receivable	40,187	54,110
Income tax receivable	14,894	14,769
Inventories	131,128	146,645
Prepaid expenses and other current assets	7,990	8,196
Cash held in trust	-	3,836
Future income and mining tax assets	23,152	21,217
Current portion of fair value of derivatives	1,106	4,198
	<b>1,105,271</b>	<b>957,639</b>
Property, plant and equipment (note 8)	818,634	817,879
Available-for-sale investments (note 14)	27,249	118,960
Other assets (note 9)	81,113	23,875
	<b>\$ 2,032,267</b>	<b>\$ 1,918,353</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 114,204	\$ 137,776
Taxes payable	1,250	22,297
Current portion of other liabilities	40,228	33,889
	<b>155,682</b>	<b>193,962</b>
Pension obligations	516	28,133
Other employee future benefits and deferred share units	81,287	74,128
Asset retirement obligations	49,133	41,317
Other long term liabilities	1,305	100
Future income tax liabilities	34,927	22,013
Fair value of derivatives	7,068	-
	<b>329,918</b>	<b>359,653</b>
Shareholders' equity		
Share capital:		
Common shares	644,127	632,380
Warrants	-	20
Contributed surplus	26,717	32,345
Retained earnings	1,025,060	912,289
Accumulated other comprehensive income (loss)	6,445	(18,334)
	<b>1,702,349</b>	<b>1,558,700</b>
	<b>\$ 2,032,267</b>	<b>\$ 1,918,353</b>

# 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	
	2009	2008	2009	2008
Revenue	\$ 166,673	\$ 178,781	\$ 720,722	\$ 981,894
Expenses				
Operating	105,893	155,589	505,841	685,616
Depreciation and amortization	27,653	20,313	100,731	88,295
General and administrative	16,406	8,483	44,176	30,578
Stock-based compensation	1,169	2,133	4,692	11,952
Accretion of asset retirement obligations	1,149	1,035	4,488	3,847
Foreign exchange loss (gain)	1,439	(34,759)	17,752	(42,348)
	153,709	152,794	677,680	777,940
Earnings before the following:	12,964	25,987	43,042	203,954
Exploration	(3,994)	(5,697)	(7,609)	(25,583)
Interest and other income	1,151	5,881	107,386	26,217
(Loss) gain on derivative instruments	(455)	1,639	(917)	(589)
Asset impairment losses	-	(3,196)	-	(30,433)
Share of losses of equity investee	-	-	-	(3,915)
Earnings before tax	9,666	24,614	141,902	169,651
Tax expense	2,327	8,795	29,131	96,298
Net earnings for the period	\$ 7,339	\$ 15,819	\$ 112,771	\$ 73,353
Earnings per share:				
Basic	\$ 0.05	\$ 0.10	\$ 0.73	\$ 0.54
Diluted	\$ 0.05	\$ 0.10	\$ 0.73	\$ 0.54
Weighted average number of common shares outstanding:				
Basic	153,973,547	153,007,420	153,460,823	135,902,627
Diluted	154,984,024	153,333,738	154,067,282	136,713,080

# HUDBAY MINERALS INC.

Consolidated Statements of Cash Flows

Unaudited

(in thousands of Canadian dollars)

	Three months ended December 31		Year ended December 31	
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	\$ 7,339	\$ 15,819	\$ 112,771	\$ 73,353
Items not affecting cash:				
Depreciation and amortization	27,653	20,313	100,731	88,295
Stock-based compensation	1,169	2,133	4,692	11,952
Accretion on asset retirement obligations	1,149	1,035	4,488	3,847
Foreign exchange loss (gain)	1,373	(7,634)	9,868	(19,298)
Change in fair value of derivatives	342	429	74	(2,553)
Asset impairment losses	-	3,196	-	30,433
Future tax (benefit) expense	(11,461)	8,385	2,218	49,365
Net gains reclassified from OCI	(1,584)	(2,853)	(107,956)	(843)
Share of losses of equity investee	-	-	-	3,915
Other	7,812	(2,018)	(2,043)	(3,805)
	<b>33,792</b>	<b>38,805</b>	<b>124,843</b>	<b>234,661</b>
Change in non-cash working capital	5,840	12,323	(18,649)	12,045
	<b>39,632</b>	<b>51,128</b>	<b>106,194</b>	<b>246,706</b>
Investing activities:				
Additions to property, plant and equipment	(38,142)	(53,939)	(101,914)	(144,717)
Purchase of short-term investments	-	-	-	(602,824)
Proceeds from sale of investments	-	-	235,704	-
Purchase of other non-current investments	(607)	(142,684)	(3,945)	(240,414)
Reductions (additions) to restricted cash	5,402	-	(48,462)	-
Release of cash held in trust	-	-	3,885	-
Cash acquired with HMI Nickel, net of cash paid	-	(139)	-	130,747
Sale of short-term investments	-	123,883	478,941	123,883
	<b>(33,347)</b>	<b>(72,879)</b>	<b>564,209</b>	<b>(733,325)</b>
Financing activities:				
Repayment of loans payable	-	-	(3,764)	(7,500)
Repayment of obligations under capital leases	(146)	(1,965)	(511)	(4,470)
Repurchase of common shares	(5,000)	-	(5,000)	(53,291)
Proceeds on exercise of stock options	6,765	122	9,393	622
	<b>1,619</b>	<b>(1,843)</b>	<b>118</b>	<b>(64,639)</b>
Effect of exchange rate changes on cash and cash equivalents	(1,382)	7,761	(9,434)	19,411
Change in cash and cash equivalents	6,522	(15,833)	661,087	(531,847)
Cash and cash equivalents, beginning of period	880,292	241,560	225,727	757,574
Cash and cash equivalents, end of period	\$ 886,814	\$ 225,727	\$ 886,814	\$ 225,727
Short-term investments	-	478,941	-	478,941
Cash, cash equivalents and short-term investments	\$ 886,814	\$ 704,668	\$ 886,814	\$ 704,668

# HUDBAY MINERALS INC.

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

	Three months ended December 31		Year ended December 31	
	2009	2008	2009	2008
Retained earnings, beginning of period	\$ 1,017,721	\$ 896,470	\$ 912,289	\$ 868,857
Net earnings for the period	7,339	15,819	112,771	73,353
Share repurchases	-	-	-	(29,921)
Retained earnings, end of period	\$ 1,025,060	\$ 912,289	\$ 1,025,060	\$ 912,289

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

	Three months ended December 31		Year ended December 31	
	2009	2008	2009	2008
Net earnings for the period	\$ 7,339	\$ 15,819	\$ 112,771	\$ 73,353
Other comprehensive income (loss), net of tax:				
Cash flow hedges	(7,317)	11,058	(11,928)	12,372
Available-for-sale investments	4,431	(25,119)	36,730	(25,491)
Currency translation adjustments	-	128	(23)	186
	(2,886)	(13,933)	24,779	(12,933)
Comprehensive income for the period	\$ 4,453	\$ 1,886	\$ 137,550	\$ 60,420