



GOVERNANCE CONSIDERATIONS IN THE LUNDIN ACQUISITION

December 9, 2008

Forward-Looking Statements

All monetary amounts in Canadian dollars unless otherwise stated .

This presentation contains "forward-looking information" within the meaning of applicable Canadian securities legislation and United States securities laws. Forward-looking information includes, but is not limited to, information concerning the proposed business combination between HudBay Minerals and Lundin Mining and the business, operations and financial performance and condition of the combined company, such as the estimated production and mine life of the various mineral projects of HudBay Minerals and Lundin Mining; synergies and the financial impact of the completed proposed transaction; potential benefits of the transaction and the development potential of the properties of HudBay Minerals and Lundin Mining; the future price of zinc, copper, nickel, lead, cobalt, gold and silver; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; capital cost estimates, estimated costs of production; success of exploration activities; and currency exchange rate fluctuations. 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 provided, 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 statements. Assumptions upon which such forward looking information are based include, without limitation, that the shareholders of Lundin Mining will approve the transaction, that all required third party regulatory and governmental approvals to the transaction, the Loan, and the Private Placement will be obtained and all other conditions to completion of the transaction, the loan, and the Private Placement will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of HudBay Minerals or Lundin Mining 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, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, the inability to obtain key personnel and parts related to the construction of mining operations, the business of the companies not being integrated successfully or such integration proving more difficult, time consuming or costly than expected as well as those risk factors discussed in the Annual Information Form for the year ended December 31, 2007 for each of HudBay Minerals and Lundin Mining available at www.sedar.com. Although HudBay Minerals and Lundin Mining have 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 Minerals 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. Information concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking information to the extent they involve estimates of the mineralization that will be encountered if the property is developed. Comparative market information is as of a date prior to the date of this presentation.

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This presentation uses the terms "Measured", "Indicated" and "Inferred" Resources as defined in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. United States readers are advised that while such terms are recognized and required by Canadian securities laws, the United States Securities and Exchange Commission does not recognize them. Under United States standards, 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 the reserve calculation is made. United States readers are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into reserves. In addition, "Inferred Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resource will ever be upgraded to a higher category. United States readers are also cautioned not to assume that all or any part of an Inferred Resource exists, or is economically or legally mineable.

Managing for the Long Term

- HudBay is in an advantageous cash position compared to other metals mining companies
- Current economic conditions present HudBay with unique opportunities for growth
- With its cash reserves, HudBay is able to plan and invest for the long term

Why Acquire Lundin?

- To create a Canadian-based, globally diversified mining company
- To combine two high quality asset portfolios
- To exploit excellent near-term development opportunities and a growing exploration pipeline more effectively
- To have superior balance sheet strength and strong cash flow
- To leverage the international experience of a combined management team to deliver enhanced value to our shareholders

Richer Resource Base

- On a pro forma basis:
 - Contained reserves for copper will roughly double
 - Contained reserves for zinc will more than triple
- Contained measured and indicated resources:
 - 8 x increase in copper resources
 - 4 x increase in zinc resources
- The asset mix of the combined company will be relatively unchanged: roughly 60% copper, close to 30% zinc, and the balance spread among gold, silver, nickel, cobalt and lead
- Learn more: <http://www.hudbayminerals.com/lundin>

Richer Geographic Diversity

- Adds significant assets in politically stable environments:
 - Neves Corvo, Portugal
 - 2.6 million tonnes of ore produced in 2007
 - Copper, zinc, lead and silver
 - Cash cost of US \$1.08/lb Cu YTD 2008
 - Zinkgruvan, Sweden
 - 0.9 million tonnes of ore produced in 2007
 - Zinc with lead and silver by-products
 - Cash cost of US \$0.26/lb Zn YTD 2008
 - Copper zone discovered; targeting first production for 2010
 - Targeting 33% increase in total ore production
- Learn more: <http://www.hudbayminerals.com/lundin>

Addition of World Class Tenke Fungurume

- HudBay's geographic diversity will also be enhanced by the world class Tenke Fungurume mine
 - Located in the Democratic Republic of the Congo
 - 24.75% owned by Lundin
 - Low-cost long-life copper oxide open-pit mine plan with production start-up expected in second half of 2009
 - High grade Copper and Cobalt oxides and sulphides
- Learn more: <http://www.hudbayminerals.com/lundin>



Benefits of Tenke Fungurume

- The benefits of Tenke Fungurume include:
 - Tenke Fungurume is one of the largest and highest grade, undeveloped copper-cobalt mineral concessions in the world
 - Commencement of copper and cobalt production should occur in the second half 2009 or sooner
 - Lundin has fully satisfied its obligation to fund Phase 1 capital costs – remaining capital expenditures to first copper production will be financed by Freeport on non-recourse basis to Lundin



The Truth about HudBay's Analysis of Tenke Fungurume

- HudBay did not unduly value Tenke Fungurume
 - When assessing the possibility of acquiring Lundin, HudBay carefully considered all key aspects of Tenke – technical, commercial and geo-political
 - HudBay concluded that, **even without Tenke Fungurume**, the acquisition of Lundin would still offer strategic advantages to HudBay

Promising Post-acquisition Growth Pipeline

- Lombador Zinc/Lead/Silver/Copper Project
- Fenix Nickel Project
- Lalor Zinc/Copper Gold Project
- Zinkgruvan Copper Project
- Tenke copper oxide and sulphide expansions
- Learn more: <http://www.hudbayminerals.com/lundin>



Considered Analysis

- HudBay's directors oversaw a process that included:
 - the exchange and review of public and non-public financial and business information
 - legal, financial and technical due diligence
 - analysis of synergies, strategies and personnel
 - the advice of financial and legal advisors appropriately retained and consulted in the circumstances

Governance

- The two HudBay directors who also serve on the board of Lundin did not participate in or attend meetings where the Lundin acquisition was discussed
- HudBay established a special committee of independent directors to oversee the transaction process, and retained independent legal counsel
- GMP Securities L.P. (GMP) was retained as financial advisor to the special committee, not to management
- GMP is a highly respected investment bank which provides, among other things, financial advisory services
 - GMP has significant experience in the mining industry and extensive knowledge Lundin assets
 - In the considered assessment of HudBay's directors, GMP was able to provide independent and informed advice with respect to the transaction

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Fairness Opinion

- HudBay's special committee received an opinion from GMP that **the consideration to be issued by HudBay under the Arrangement is fair, from a financial point of view, to HudBay shareholders**
- There was no requirement for HudBay or its board to retain a financial advisor or obtain a fairness opinion



Exchange Ratio for Lundin

- The exchange ratio for Lundin shares was determined through arm's length negotiation
- In assessing the exchange ratio for Lundin's shares, HudBay considered, among other things:
 - The fundamental values of Lundin's assets compared to HudBay's assets
 - Recent trading prices for HudBay and Lundin shares
 - The current instability in the stock market and financial market
 - The possibility of Lundin seeking an alternative to a transaction with HudBay

Who Will Control HudBay

- HudBay and Lundin are widely held. No single shareholder will control HudBay and Lundin following the transaction
- Based on current known shareholdings, HudBay does not expect to have a shareholder who will hold more than 10% of the HudBay shares outstanding following the completion of the acquisition
- As of December 5, 2008, common shares issued and outstanding (including recent option exercises) are as follows:
 - HudBay: 153,020,124
 - Lundin: 390,436,279
- With an exchange ratio of 0.3919, Lundin shareholders will receive 153,011,978 HudBay shares, less than 50% of the pro-forma total
- Six of the nine current HudBay directors will remain directors of HudBay post acquisition

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Who Will Control HudBay

- The initial board of the combined entity will be comprised of (until a meeting to elect a new board is held):
 - M. Norman Anderson (currently a HudBay Director and Chair of the Board)
 - Allen J. Palmiere (currently a HudBay Director)
 - Ronald P. Gagel (currently a HudBay Director)
 - R. Peter Gillin (currently a HudBay Director)
 - Colin K. Benner (currently a HudBay & Lundin Director)
 - Donald K. Charter (currently a HudBay & Lundin Director)
 - Lukas H. Lundin (currently a Lundin Director)
 - William A. Rand (currently a Lundin Director)
 - Philip J. Wright (currently a Lundin Director)
- The Chief Executive Officer of HudBay will continue to be Allen J. Palmiere

The Truth about the Loan to Lundin

- The loan is a bridge to the Private Placement, pending regulatory approval of the Private Placement
- In agreeing to the loan, HudBay considered, among other things:
 - Other recent combination transactions involving loans or private placements
 - The results of HudBay's financial due diligence assessment

The Truth about the Loan to Lundin

- In agreeing to the loan, HudBay also considered the possibility of Lundin seeking other options to a negotiated arrangement agreement with HudBay
- Lundin might otherwise have strengthened its financial position by the end of 2009 by, among other things:
 - selling assets with strategic value to HudBay
 - engaging in a combination transaction with a competitor to HudBay

The Truth about the Loan to Lundin

- HudBay Directors who are also board members of Lundin had no involvement from HudBay's side in approving or negotiating the loan to Lundin
- HudBay has required, as a condition of closing both the arrangement and the loan transaction, a representation and warranty that all material contracts to which Lundin is a party are in full force and effect, that Lundin is entitled to all rights and benefits under those contracts, that Lundin has paid all amounts due, and that there has not been any default or breach on the part of Lundin
- These representations and warranties apply to Lundin's credit facilities

Why there is no HudBay Shareholder Vote

- The directors carefully considered whether a meeting of HudBay shareholders should be called to approve the transaction
- The directors concluded on the information and advice provided to them, that:
 - to impose an additional condition of a HudBay shareholder vote would not allow HudBay to offer Lundin sufficient certainty that the acquisition would be completed, which was a condition precedent in the negotiation of the transaction with Lundin
 - there was no legal, regulatory or corporate requirement to conduct a HudBay shareholders vote



Why there is no vote: A considered decision

- The factors that the Directors considered included:
 - The Fairness Opinion of GMP
 - The TSX has not previously required a listed issuer to seek shareholder approval for an acquisition of a public company in the circumstances of the transaction
 - The acquisition does not change the direction or the nature of business of HudBay
 - There will be no change of control of HudBay as a result of the acquisition
 - Insisting on a HudBay shareholder meeting would have precluded Lundin from agreeing to the acquisition
 - Previous acquisition transactions of a similar nature

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A Strategic Choice for the Long-Term

- HudBay has consistently disclosed to its shareholders that a key element of its value creation strategy is to build scale and scope through opportunistic investments that complement the Company's existing operations
- HudBay directors are committed to the long-term growth of HudBay and delivering value to shareholders
- The directors carefully reviewed HudBay's current fiscal position and the opportunities presented by the acquisition of Lundin
- The acquisition of Lundin presents a unique opportunity in a unique market to create a larger, stronger and more diversified company and platform for growth
- The acquisition significantly diversifies HudBay's metals and geographic presence, and will provide an outstanding project pipeline for HudBay

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