HMZ METALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS

The following Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of HMZ Metals Inc. ("HMZ" or the "Company"), is prepared as of November 27, 2008 and constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended September 30, 2008.

This MD&A should be read in conjunction with the Company's interim financial statements for the 9 months ended September 30, 2008. This MD&A is expressed in Canadian dollars unless otherwise noted.

Cautionary Note on Forward-Looking Statements and Risk Factors

This MD&A contains certain forward-looking statements including estimates, forecasts, and statements as to management's expectations and involve numerous assumptions, risks and uncertainties and, actual results may vary.

The Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

Loss of Control of Joint Venture Interest

In November 2005 the Company determined that it no longer had control over Guangxi Guanghe Metals Co. Ltd. ("GGM" or the "joint venture") as Hechi Industrial Co. Ltd. ("Hechi" or "the Company's joint venture partner") had failed to; transfer funds that had been earned by the joint venture in accordance with the Cooperative Joint Venture Contract ("the joint venture agreement"), provide monthly operating reports for joint venture assets, provide evidence of compliance with local laws and regulations pertaining to the lawful operation of the assets and enact management, operational and financial protocols mandated by the Company and its representatives.

As such the Company ceased consolidating results and recorded its investment at cost effective January 1, 2005. Comparative results as at December 31, 2004 and for the year ended December 31, 2004 have not been restated. For the fiscal year ended December 31, 2005 due to the uncertainty of recovering such amounts, the investment in GGM owned through Biogan BVI International Inc. ("Biogan BVI") (amounting to $12,856,244) was written down to $1.00 pending a resolution of the dispute.

The Company has not yet taken steps to dissolve the joint venture and is involved in arbitration proceedings with its joint venture partner. The Company believes that it is unlikely that the Chinese partner will seek, or is able to seek, any further funds from the Company. No claims have been made to date.

Overview of the Company

HMZ is an Ontario based company listed on the CNQ Exchange.

HMZ has been involved in smelting and milling operations through its interest in GGM in the Peoples Republic of China. GGM was established in January 2000 to hold and operate a copper smelter, a base metals mill and a 9% interest in Gaofeng Mining Co. Ltd, ("GMC"), which owns and operates the Gaofeng mine and ore processing facilities; all of which are located in southern China's Guangxi province.

In August 2005, it came to the Company's attention that its joint venture partner had failed to transfer funds that had been earned by the joint venture in accordance with the joint venture agreement.

HMZ is currently in a long standing dispute with Hechi as to the ownership of assets, cash flow and profits derived therefrom. As a result of the above referenced dispute, HMZ has written the value of its indirectly held 92% equity interest and 95% profit interest in GGM down to $1.00 pending a resolution of the current dispute.

The Company's discovery of the failure to transfer funds that had been earned by the joint venture in accordance with the joint venture agreement occurred shortly before interim financial statements for the six months ended June 30, 2005 were to be released. The Company took the position that it would not file its interim financial statements for the six months ended June 30, 2005 before meeting with its joint venture partners and establishing the facts surrounding the failure to transfer funds that had been earned by the joint venture in accordance with the joint venture agreement.

In light of the fact that the Company would be late in releasing interim financial statements for the six months ended June 2005 the Company applied for and was granted a Management Cease Trade Order ("MCTO") from the Ontario Securities Commission.

The MCTO is a mechanism which is often requested by senior management of publicly traded Company's in the event of late release of financial statements. Under an MCTO, management and insiders of a publicly traded Company are precluded from trading securities of the Company for that time period for which the MCTO is in effect.

The Board of Directors established a Special Committee to investigate, in conjunction with senior management, independent legal counsel and other advisors, the circumstances surrounding the failure to transfer funds that had been earned by the Joint Venture in accordance with the Joint Venture Agreement. In connection with the investigation Special Committee retained the services of Deloitte LLP to conduct a forensic audit of GGM.

After on-site meetings and numerous discussions between the parties, the Company believed Hechi to be sincere in its indicated willingness to transfer the funds into the joint venture and as such accounted for the US $1.8 million disputed amount as an advance to its joint venture partner and therefore a receivable for the joint venture. Financial Statements for the six months ended June 30, 2005 were released October 19, 2005. The MCTO was revoked shortly thereafter.

In an effort to facilitate the conclusion of an amicable resolution of outstanding issues between the parties the Company retained the services of specialist consultants experienced in solving disagreements between foreign entities and their Chinese Partners. Accordingly the Company entered into discussions with its joint venture partner regarding the transfer of funds into the joint venture and other operational issues.

During the period September through November 2005 Hechi worked cooperatively and in an apparently forthright manner with the Company towards a resolution of the funds transfer and other operational issues. In light of the foregoing the Company released its interim financial statements for the period ended September 30, 2005.

During the course of these discussions the joint venture partner refused the Company's third party accounting firms' representatives access to joint venture books and records. This refusal made it impossible for the Company to prepare audited annual financial statements for the year ended December 31, 2005.

The Company and its consultants were of the opinion that they had been engaged in good faith discussions with Hechi. As apparently good faith discussions were abandoned by Hechi in late February 2006 the Company redirected its efforts towards forcing a resolution of outstanding issues under the Joint Venture Agreement to which parties are signatories.

As a result of the indeterminate time frame associated with resolving the dispute with the Hechi, HMZ has taken the decision to write the value of its joint venture interest down to $1.00 pending a resolution of current legal initiatives.

The Company is currently engaged in the business of preliminary or early stage mineral exploration and mine development with its joint venture partner in Ontario. The Company holds no interests in producing or commercial ore deposits. The Company has no production or other revenue. Commercial development of any kind will only occur only in the event that sufficient quantities of ore are proven to support economic production. If in the future the reserves prove to be viable, financial resources will be required for production purposes.

Overall Performance

As previously noted the company changed its method of accounting for the investment in GGM from consolidating its share of the Joint Venture results to the equity method and subsequently wrote down the investment to $1.00. Any recovery of the investment will be taken into income in the period in which it is received.

Results of Operations

A discussion of the Company's results of operations is effectively precluded by the action of the Company's joint venture partner namely; refusal to provide operating results and refusal to grant access to joint venture accounts and records for the reporting period. As such operations have been limited to efforts to resolve the dispute with Hechi and legal initiatives related thereto.

Consolidated Results of Operations for the first nine months of fiscal 2008 vs fiscal 2007

	Nine months ended September 30, 2008 $	Nine months ended September 30, 2007 $
Total Revenues	17,478	4,168
Gross Profit	-	-
Gross Margin	-	-
Income (Loss) from operations	**(268,949)**	**(248,773)**
Income (Loss) from discontinued operations	-	-
Net Loss	(268,949)	(248,773)
Net Income / (Loss) per share	(0.00)	(0.00)

Summary of Quarterly Results

	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales ($'000s)	17	26	8	0	0	0	0	0
Operating income (loss)	(268)	(387)	(420)	(521)	(325)	(249)	(467)	(945)
Net income (loss)	(268)	(387)	(420)	(521)	(325)	(249)	(467)	(945)

Liquidity

The Company has no operating revenues (revenues shown above are sub-lease payments, thus not operating revenue) and relies primarily on equity financings to fund administrative and other operating costs.

Balance Sheet Data

Working Capital	Nine months ended September 30, 2008 **$**	Fiscal year ending December 31, 2007 **$**
Current Assets	24,355	220,909
Current Liabilities	3,153,820	2,385,261
Working Capital / (Deficit)	(3,124,465)	(2,164,352)

Capital Resources

The Company has no operating revenues and relies primarily on equity financings to fund administrative and other operating costs.

Off Balance Sheet Arrangements

The Company had no off balance sheet arrangements through September 30, 2008.

Related Party Arrangements

Pursuant to a voluntary bankruptcy of Biogan International Inc. ("Biogan"), a Delaware Company, the amounts due from and amounts due to Biogan have been written off.

The Company paid consulting fees to the Chief Executive Officer of the Corporation and a company controlled by the Chief Executive Officer of the Company in the amount of $67,500. In addition, consulting fees were paid to the Chief Financial Officer in the amount of $54,000.

Financial and Other Instruments

Due to the short term nature of the Company's cash, accounts receivable, trade payables and accrued liabilities these items approximate their carrying values.

Critical Accounting Estimates

Management of the Company is required to make estimates in preparing financial statements in conformity with generally accepted accounting principles. These estimates affect the reported amounts of liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Changes to these estimates could result in material changes to these line items. The critical accounting estimates made by Company relate to accounting for the items relating to property and investments (see discussion of the write off of the company's investments on page 1).

Translation of Foreign Currency

The reporting currency of the Company is the Canadian dollar and the functional currency of GGM is the Chinese Remimbi ("RMB").

Impairment of Long-Lived Assets

This policy requires the Company to estimate undiscounted future cash flows expected to be generated by the assets of the Company. Due to the uncertainty of the Company's interest in GGM and any future cash flows, the investment is being carried at $1.00.

Legal Action

As of the date hereof HMZ is involved in legal actions against both its Chinese cooperative joint venture partner ("Hechi") and former Chief Executive Officer and Director of the Company; Mr. Gilles Laverdiere.

The legal action against Hechi consists of a) an action under the arbitration provisions of the cooperative joint venture agreement that governs the operations of the Company's 92% owned joint venture company in China and b) an action by the Company against Hechi in The People's High Court, Guangxi, P.R.C. for the return of capital, profits and damages.

In addition to the above the Company has received a statement of claim from former Chief Executive Officer and Director Mr. Gilles Laverdiere in which Mr. Laverdiere claims amounts allegedly due from August 2005 through the date of his resignation May 16, 2006. The Company has in turn filed a statement of defence and counterclaim to which Mr. Laverdiere subsequently filed a response regarding the forgoing. As of the date hereof the Company is preparing its response and is of the opinion that the claim is of no merit, is vigorously defending same and has presented a counterclaim.

As these issues are currently before the Arbitration Tribunal and the Courts, the Company is necessarily constrained from discussing these issues in detail.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of Special Shares, issuable in series with such attributes as designated by and at the discretion of, the board of directors of the Company. Each Common Share and Series I Special Share entitles the holder of record thereof to vote at all meetings of shareholders of the Company.

	Number Outstanding
Common Shares	109,998,400
Common Share Purchase Warrants The exercise price of $0.15 per share with expiry dates ranging from November 16, 2008 – December 14, 2009	18,424,500
Series I Special Shares Convertible into common shares of the Company for no additional payment provided that the Company has received confirmation that certain debts incurred in connection with the acquisition of the GGM assets by the Company's Joint Venture partner have been paid in full.	30,200,000

Subsequent Events

HMZ Metals Inc. ("HMZ") announced it has entered into an option agreement with Valgold Resources Ltd. on its Tower Mountain gold property, located in Conmee Township, Ontario.

The company as at October 1, 2008 has dissolved the Special Committee as a result of the completion of its mandate – The Committee was set up to independently monitor management's review of losses sustained by HMZ's China subsidiary Guangxi Guanghe Metals ("GGM").

HMZ Metals is currently raising $750,000 by way of private placement in a unit offering with each unit being composed of three flow through shares and two non-flow through common shares which have a warrant attached at a 50% premium valid for two years from the date of the closing of this offering.

Risk Factors:

Investment in a natural resource company involves a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration, as opposed to the development or production stage. The Company's Canadian Joint Venture property is in the exploration stage.

There are a number of risks inherent to the Company's business. These risks include:

Limited Business of the Corporation:

Other than the Company's joint venture in exploration stage property in Ontario, Canada the Company has no material non-cash assets. There is no assurance the Company will be able to finance the acquisition of properties or the exploration or development thereof.

Exploration and Development:

All of the resource properties in which the Company has an interest or the right to acquire an interest are in the exploration stage and without a known body of commercial ore. Development of any resource property held or acquired by the Company will only follow obtaining satisfactory exploration results. Exploration for and the development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration activities will result in any discovery of commercial ore.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract reserves and to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Few properties that are explored are ultimately developed into producing mines.

Environmental and Government Legislation:

Existing and possible future environmental legislation, regulations, and actions could cause significant expense, capital expenditures, restrictions, and/or delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties is subject to various reporting requirements and to obtaining certain governmental approvals and there is no assurance that such approvals, including environmental approvals, will be obtained without delay or at all.

Any exploration program executed by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining project is affected both by production costs and by markets for the project's metals which in turn may be influenced by factors including the supply and demand for such metals, the rate of inflation, the inventories of larger producers, the political environment and changes in international investment patterns.

Environmental Factors:

All phases of the Company's future operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business.

Financing:

The Company does not presently have sufficient financial resources to complete, by itself, the exploration required to develop its joint venture property to an advanced stage. The exploration and development of the Company's property will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

Limited Operating History and Lack of Cash Flow:

The Company has a limited business history. The Company has no history of earnings or cash flow from its present operations. The only present source of funds available to the Company is through the sale of equity or debt securities or borrowing. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on any property it has or it acquires and the Company may not realize a return on its investment. While the Company may generate additional working capital through equity offerings, borrowing, sale or the joint venture development of its properties and/or a combination thereof, there is no assurance that any such funds will be available. Failure to obtain such additional capital, if needed, would have a material adverse effect on the Company.

The Company has neither declared nor paid dividends since its incorporation and does not anticipate doing so in the foreseeable future.

Conflicts of Interest:

Certain of the directors and officers of the Company are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, to disclose any material interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matter.

Operating Hazards and Risks:

Future operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. The nature of the risks associated with the Company’s business are such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

The Company may become subject to liability for personal injury, property, or environmental damage, and other hazards of mineral exploration against which it cannot insure or against which it may elect not to insure due to high premium costs or other reasons. Payment of such liabilities could have a material adverse effect on the financial position of the Company.

Permits and Licenses:

Upon acquisition of a property interest, the operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Fluctuating Prices:

The Company's future revenues, if any, are expected to be dependent upon the price of commodities which fluctuate. The price fluctuates widely and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of commodities, and therefore the economic viability of any of the Company's exploration projects, cannot be predicted accurately.

The Company's business of exploring and developing mineral properties is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company's exploration and development activities is dependent on financial markets that often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently mineable deposit is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which cannot be controlled by management.

Forward Looking Statements:

This discussion may contain forward-looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.