

HMZ METALS INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2007

May 30, 2008

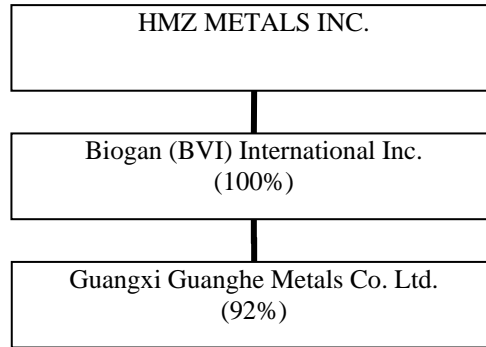
TABLE OF CONTENTS

	Page
Corporate Structure	3
Intercorporate Relationships	3
Loss of Control of Joint Venture Assets	3
Change in reporting currency	4
General Development of the Business	4
Significant Acquisitions	5
Description of the Business	5
Risk Factors	6
Dividends	6
Description of Capital Structure	6
Market for Securities	7
Prior Sales	8
Escrowed Securities	8
Directors and Officers	9
Legal Proceedings	10
Interest of Management and Others in Material Transactions	11
Transfer Agent and Registrar	11
Material Contracts	11
Interest of Experts	11
Additional Information	11

Corporate Structure

HMZ Metals Inc. (the "Company" or "HMZ") was incorporated under the Canada Business Companies Act on July 22, 2002. The registered office and principal place of business of the Company is Suite 500, 2 Toronto Street, Toronto, Ontario M5C 2B6.

Intercorporate Relationships



Biogan (BVI) International Inc. is a 100% owned subsidiary company incorporated in the British Virgin Islands.

Guangxi Guanghe Metals Co. Ltd. is a 92% owned cooperative joint venture company incorporated in the Peoples Republic of China. Assets include the Copper Smelter, Wuxu Mill and a minority interest in the Gaofeng Mining Company Ltd.

Loss of Control of Joint Venture Assets

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 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.

Change in reporting currency

Effective January 1, 2005, the company changed its reporting currency to the Canadian dollar. The change is to better reflect the company's business activities. As a majority of the company's transactions are in Canadian dollars the change is to better reflect the Company's business and to improve investors' abilities to compare results with other publicly traded companies in the mining industry.

The related financial statements and corresponding notes prior to December 31, 2005 have been restated to the Canadian dollar for comparison to the 2005 financial results. In making this change, the Company has followed recommendations of the Emerging Issues Committee of the Canadian Institute of Chartered Accountants, set out in EIC-130, Translation Method When The Reporting Currency Differs From The Measurement Currency or There is a Change in The Reporting Currency.

General Development of the Business

As described above the Company determined that it no longer had control over the joint venture and as such took the decision to write down the value of its joint venture assets to \$1.00 pending the resolution of its dispute with its Chinese joint venture partner. Prior to this decision the Company acquired the Chinese assets of Biogan International Inc. and qualified for a listing on the Toronto Stock Exchange ("TSX"). Under an initial public offering of Units of the Company the Company raised \$15.6 million and began trading on the TSX under the stock symbol: "HMZ" on April 6, 2005.

Pursuant to the failure to transfer funds that had been earned by the joint venture in accordance with the Cooperative Joint Venture Contract ("the joint venture agreement"), discussions with Hechi culminated in the signing of a Memorandum of Understanding ("MOU") In January 2006.

During the period September 2005 through January 2006 Hechi worked cooperatively and in an apparently forthright manner with the Company towards a resolution of the failure to transfer funds that had been earned by the joint venture in accordance with the joint venture contract. In light of the foregoing the Company released its interim financial statements for the period ended September 30, 2005.

The Company and its consultants had been of the opinion that they had been engaged in good faith discussions with its Chinese Joint Venture partner. As apparently good faith discussions were abandoned by the joint venture partner in late February 2006 the Company redirected its efforts towards forcing a solution under the Cooperative Joint Venture Contract.

On May 16, 2006 Mr. Gilles Laverdiere resigned from his position of Chief Executive Officer and Director of the Company in favor of Mr. Kerry Damon Smith, formerly Chief Operating Officer and Director. Notwithstanding the forgoing and despite every effort by Mr. Smith and the Company, agreement with Hechi on outstanding issues remained unresolved.

During the course of these discussions the joint venture partner refused to allow the joint venture's third party independent accountant access to joint venture books and records which refusal made it impossible for the Company to prepare audited annual financial statements for the year ended December 31, 2005 which in turn lead to management applying for a Management Cease Trade Order ("MCTO") which order remains in effect as of the date hereof.

During 2006 the Company raised gross proceeds of \$1,085,000 under two non-brokered private placements. Proceeds of the financings were used to fund general working capital requirements and various initiatives in China.

In 2007 the Company retained a Chinese consulting group resident in the province of the Companys' Chinese joint venture operations in order to assert the Company's rights over joint

venture assets and associated cash flow. As a parallel initiative the Company began the process of searching out new business opportunities and new business partners in China.

As of the date hereof, the Company's case is before the Chinese Arbitration Tribunal and the Company has commenced an action against Hechi in the People's High Court, Guangxi, China. Business development initiatives are on-going and the Company is engaged in due diligence reviews of a number of projects in China.

During 2007 the Company raised gross proceeds of \$1,095,000 under non-brokered private placements and received loans of \$27,000 from directors which have been repaid. Proceeds of the financings were used to fund general working capital requirements and various initiatives in China.

In January 2008 the Company issued 4,000,000 common shares at a deemed price of \$0.015 per common share in lieu of cash to repay shareholder debt due to a lack of working capital.

The Toronto Stock Exchange ("TSX") de-listed the common shares of HMZ Metals Inc. at the close of business on January 18, 2008 for failure to meet continued listing requirements of the TSX. Effective the same date, the Company received conditional approval to list its common shares on the CNQ Stock Exchange. The Company received final listing approval and was listed for trading on the CNQ under the symbol "HMZA" effective March 31, 2008.

The Company raised \$236,500 through the issuance of non-interest bearing redeemable convertible debentures in April and May 2008. The Debentures are convertible into Units on a dollar for dollar basis. Each Unit is priced at \$0.05 and consists of one common share and one-half common share purchase warrant. Each full warrant is exercisable at \$0.10 for the first twelve months from closing and at \$0.20 for the second twelve months from closing. Conversion of the Debentures will occur subsequent to and therefore not be subject to a 5:1 share consolidation which share consolidation is subject to shareholder approval at a meeting of shareholders to be held June 30, 2008 and regulatory approval. Proceeds from the Debentures will be used to fund working capital requirements.

During April 2008 the Company cancelled the 1,925,000 options outstanding to acquire common shares of the Company which had an exercise price of \$0.40 and were due to expire in March 2010.

Significant Acquisitions

The Company acquired the assets of Biogan International Inc. pursuant to an initial public offering of Units of the Company and listing on the Toronto Stock Exchange ("TSX") Under the initial public offering HMZ raised \$15.6 million and began trading on the TSX under the stock symbol: "HMZ" on April 6, 2005.

The key asset acquired pursuant to the initial public offering was Biogan (BVI) International Inc. ("Biogan") and its 92% equity interest and 95% profits interest in the Guangxi Guanghe Metals Co. Ltd. cooperative joint venture ("GGM" or the "joint venture").

The assets of the joint venture include a 9% interest in Guange Guanhe Mining Co. Ltd. whose sole asset is a base metals mine, together with the operating assets of a copper smelter and base metals mill, all of which are located in Guanxi Province, China.

In November 2005 the Company determined that it no longer had control over Guangxi Guanghe Metals Co. Ltd. ("GGM" or the "joint venture") as 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 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, 2003 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.

Description of the Business

As described above the Company acquired all of the outstanding shares of Biogan BVI, which holds a 92 percent equity interest in GGM, and as such the Company intended to continue the business of Biogan BVI and to assist in the development and expansion of the assets of GGM in order to establish GGM as the leading integrated mining and smelting company in Guangxi Province, PRC. Production was focused on blister copper.

As of the date hereof and in light of a long running dispute with the Company's joint venture partner, the Company is involved in legal proceedings and an arbitration action in the PRC. The Company's business strategy has necessarily evolved to focus on a resolution of its current dispute in which the Company is seeking a return of invested capital, its pro rata share of profits to date and damages in an amount to be determined.

As these matters are currently the subject of on-going legal proceedings in the PRC, the Company is limited in the detail it can provide at this time. However, it is anticipated that court proceedings and arbitration proceedings will be completed within the first half of 2008 and there is the potential that the arbitration process may be superseded by the court proceedings.

The longer-term strategy of the Company is to proceed with additional new metals and metal processing projects. Over the past two years the Company has built a network which includes representatives in government, military, legal and business sectors. The Company believes it will soon be well positioned to embark on a number of new projects in conjunction with new partners and anticipates that the introduction of modern mining technologies and environmentally responsible development methodologies will provide it with a substantial competitive advantage.

Risk Factors

In addition to the political and business risks inherent to doing business in China, the Company has lost control of its Joint Venture Assets and may not be successful in its efforts to resolve its current dispute with its Chinese joint venture partner and if successful, may not be able to realize any settlement awarded to it in the event of a favorable resolution of current legal proceedings.

Dividends

The Company does not pay dividends and has no policy to pay dividends.

Description of Share Capital

Common Shares

The Company is currently authorized to issue an unlimited number of Common Shares, of which 109,998,400 Common Shares are issued and outstanding at the date hereof. Holders of Common Shares are entitled to one vote for each Common Share held and, in the event of the liquidation, dissolution or winding-up of the Company, subject to the prior rights of the holders of Special Shares, to receive the remaining property and assets of the Company.

Special Shares

The Company is authorized to issue an unlimited number of Special Shares. The Special Shares may be issued from time to time in one or more series comprised of such number of shares and with such rights, privileges, restrictions and conditions attached thereto as shall be fixed by the directors of the Company. The Special Shares of each series will, with respect to the payment of dividends and the distribution of assets of the Company or the return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs, rank on a parity with the Special Shares of every other series and will be entitled to a preference over the Common Shares for the amount of \$0.0001 per Special Share. Subject to the rights, privileges, restrictions and conditions that may be attached to a particular series of Special Shares by the directors of the Company in accordance with the rights, privileges, restrictions and conditions attached to the Special Shares, the holders of Special Shares will be entitled to receive notice of and to attend and vote, voting together with the holders of Common Shares, at any meeting of the shareholders of the Company, except meetings at which only holders of another class or series of shares of the Company are entitled to vote. The holders of any series of Special Shares will be entitled to receive only such dividends, if any, as are calculated and stipulated at the time of issue thereof.

Series 1 Special Shares

30,200,000 Special Shares are currently issued and outstanding and are designated as Series 1 Special Shares. Holders of Series 1 Special Shares will be entitled to receive notice of and to attend and vote (one vote per share, voting together with the Common Shares and all other voting shares) at all meetings of the shareholders of the Company, except meetings at which only holders of another class or series of shares of the Company are entitled to vote. The holders of Series 1 Special Shares will not be entitled to receive any dividends.

Each Series 1 Special Share will be convertible into one Common Share, subject to adjustment for normal anti-dilution events, including the subdivision, consolidation or reclassification of the outstanding Common Shares. The Series 1 Special Shares will only be convertible in accordance with the provisions of the Fushan Agreement (see below). Each Series 1 Special Share will be redeemable by the Company on payment of a redemption price of \$0.0001. The Series 1 Special Shares will only be redeemable in accordance with the provisions of the Fushan Agreement. In addition, upon any liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company to the shareholders of the Company for the purpose of winding-up its affairs, after the payment or provision for the payment of all debts and liabilities of the Company, each holder of Series 1 Special Shares will be entitled to receive the amount of \$0.0001 per Series 1 Special Share in priority to any distribution being made to the holders of Common Shares. The holders of Series 1 Special Shares will not be entitled to participate any further in the liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company to the shareholders of the Company.

The Company and Fushan have entered into the Fushan Agreement. The Fushan Agreement provides, among other things, that Fushan will not encumber or dispose of any of the Series 1 Special Shares until the Company receives the Hechi Payment Confirmation and that, notwithstanding the rights, privileges, restrictions and conditions attached to the Series 1 Special Shares: (i) Fushan may not convert the Series 1 Special Shares prior to the Company receiving the HPMC Payment Confirmation; and (ii) the Company may not redeem the Series 1 Special Shares unless the Hechi or the Hechi Shareholders do not make the HPMC Payment by May 15, 2013 (or such later date as the Company may agree in writing) or the interest of GGM in the

Hechi Assets is materially decreased (as determined in the sole discretion of a committee of the directors of the Company) as a result of either the Hechi Indebtedness or the HPMC Payment not being satisfied or paid, as applicable, at any time prior to the Company receiving the Hechi Payment Confirmation. In the event that the Company becomes entitled to redeem the Series 1 Special Shares, the Company may, upon giving notice to Fushan in accordance with the provisions of the Series 1 Special Shares, redeem all of the then outstanding Series 1 Special Shares on payment of a redemption price of \$0.0001 per Series 1 Special Share. Finally, pursuant to the terms of the Fushan Agreement, Fushan will use best efforts to (i) preserve the ownership interests of the parties in GGM pursuant to (and cause Hechi to perform under) the Amended and Restated Joint Venture Contract, (ii) ensure the continued operation of GGM, and (iii) ensure GGM's continued ownership of the Hechi Assets, irrespective of any law, regulation or rule in the PRC (whether currently existing or implemented in the future) which may affect Fushan's ability, right or entitlement to own the Series 1 Special Shares or for the shareholders of Fushan to maintain their interest in Fushan.

Market for securities

Trading for the year ended December 31, 2007

Month	High (\$)	Low (\$)	Close (\$)	Volume
January	0.07	0.055	0.06	4,671,359
February	0.11	0.055	0.075	17,116,499
March	0.12	0.06	0.065	19,280,754
April	0.075	0.06	0.07	4,501,677
May	0.065	0.05	0.05	2,779,698
June	0.055	0.04	0.05	4,159,298
July	0.06	0.04	0.045	5,485,975
August	0.05	0.04	0.045	4,280,597
September	0.065	0.03	0.04	10,025,010
October	0.045	0.03	0.045	3,384,607
November	0.035	0.025	0.025	4,132,089
December	0.04	0.025	0.03	4,184,302

Prior Sales

	Number	Amount
Outstanding - December 31, 2006	86,888,400	\$21,027,521
Private Placement – February 2007	11,800,000	590,000
Private Placement – October 2007	1,700,000	85,000
Private Placement – December 2007	5,600,000	105,000
Share and Warrant Issue costs	-	(140,847)
Balance - December 31, 2007	105,998,400	\$21,666,674
Series 1 Special shares	30,200,000	NIL

Escrowed Shares

The number and percentage of each class of securities of the Company that are subject to escrow is set out in the following table.

	Number of Securities	Percentage of Class
--	----------------------	---------------------

Designation of Class	Held in Escrow	
Series 1 Special Shares	30,200,000	100%

In addition to the terms of the Escrow Agreement, the Series 1 Special Shares are subject to restrictions on transfer and exchange until all the debts of Hechi associated with the roll-in of assets to the Cooperative Joint Venture are paid or otherwise satisfied in a manner acceptable to the Company.

Directors and Officers

Name and Municipality of Residence	Position	Director Since	Principal Occupation
Birks Bovaird ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Director	2003	President and CEO of Toorak Holdings Limited, a private corporate finance and investment company from 2002 – 2004. Since then President and Chief Executive Officer of Cenit Corporation. Common Shares owned: 97,940 Percentage of Class: 0.1%
Timothy Campbell Toronto, Ontario	Vice President and Corporate Secretary	n/a	President of Public Company Services Inc. since June 2000. Since September 2004 Vice President and Corporate Secretary of HMZ Metals Inc. Common Shares owned: 10,000 Percentage of Class: 0.01%
Brian Cloney ⁽¹⁾⁽²⁾⁽³⁾ Mississauga, Ontario	Director and Interim Chief Financial Officer	2003	President of BMC Institutional Services Inc. and prior thereto President of Brian M. Cloney and Associates; an accounting firm. Common Shares owned: 140,000 Percentage of Class: 0.1%
Kerry D. Smith, P.Eng ⁽²⁾ Toronto, Ontario	President, Chief Executive Officer and Director	2003	President, Chief Executive Officer and Director of the Corporation, prior thereto President, Chief Operating Officer and Director of the Corporation. Common Shares owned: 438,855 Percentage of Class: 0.4%
Stephen Wilkinson ⁽¹⁾⁽²⁾⁽³⁾ North Vancouver, British Columbia	Lead Director	2003	President and Chief Executive Officer of ValGold Resources, Ltd. (an international mining development company) Common Shares owned: 20,834 Percentage of Class: 0.02%

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance, Nominating and Compensation Committee.

(3) Member of the Special Committee

Legal Proceedings and Regulatory Actions

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 Corporation; Mr. Gilles Laverdiere.

The legal action against Hechi consists of a) an action under the arbitration provisions of the cooperative joint venture contract that governs the operations of the Company’s 92% owned joint

venture company in China and b) an action by the Corporation 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 Corporation has received a statement of claim from former Chief Executive Officer and Director Mr. Gilles Laverdiere in which Mr. Laverdiere claims amounts allegedly due pursuant to the August 2005 through the date of his resignation May 16, 2006. The Corporation 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 Corporation is preparing its response. As these issues are currently before the Arbitration Tribunal and the Courts, the Company is necessarily constrained from discussing these issues in detail.

The Toronto Stock Exchange ("TSX") de-listed the common shares of HMZ Metals Inc. at the close of business on January 18, 2008 for failure to meet continued listing requirements of the TSX. Effective the same date, the Company received conditional approval to list its common shares on the CNQ Stock Exchange. The Company received final listing approval and was listed for trading on the CNQ under the symbol "HMZA" effective March 31, 2008.

As of the date hereof the management, directors and insiders are subject to a Management Cease Trade Order ("MCTO") announced April 9, 2008. Management applied for the MCTO in connection with the late filing of annual financial statements for the year ended December 31, 2007. The MCTO will remain in effect until revoked by the Ontario Securities Commission, which revocation is anticipated following the filing of all financial statements currently overdue.

Interest of Management and others in Material Transactions

There are no material transactions in which management has an interest.

Transfer Agent and Registrar

Equity Transfer Services Inc., at its principal office in Toronto, Ontario is the transfer agent and registrar for the Common Shares.

Material Contracts

The Company has not entered into any material contracts other than in the normal course of business during the year ended December 31, 2007

Interests of Experts

For the year ended December 31, 2006 certain legal matters relating to the Company's Initial Public Offering were passed upon on behalf of the Company and Biogan by Fraser Milner Casgrain LLP, Toronto, Ontario, Jun He Law Offices, Beijing, China and Dorsey & Whitney LLP, Toronto, Ontario and Seattle, Washington and on behalf of the Agents by Goodman and Carr LLP, Toronto, Ontario and Alston & Bird LLP, Washington, District of Columbia. Partners and associates of each of Fraser Milner Casgrain LLP, Jun He Law Offices, Dorsey & Whitney LLP, Goodman and Carr LLP and Alston & Bird LLP beneficially own in the aggregate less than one percent of the outstanding securities of Biogan and none of the outstanding securities of the Company. Micon, the author of the Micon Report which report was prepared under National Instrument 43-101, owns less than one percent of the outstanding securities of Biogan and none of the outstanding securities of the Company. KPMG LLP was the auditor for the Company for the year ended December 31, 2004 and in connection therewith prepared audited financial statements for the nine months ended September 30, 2004 for inclusion in the Company's Initial Public Offering Prospectus and during the period for the year ended December 31, 2004. Moore Stephens Cooper Molyneux LLP was the auditor for the Company for the year ended December 31, 2005 and December 31, 2006.

Additional Information

Additional information relating to the Company may be found on SEDAR under the Company's profile at www.sedar.com. Additional financial information is available in the Company's comparative audited financial statements and MD&A for the year ended December 31, 2006.