

Interim Financial Statements
For the Three Month Period Ended March 31, 2008

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HMZ METALS INC.

Interim Balance Sheet

As at March 31, 2008 and December 31, 2007

(Expressed in Canadian dollars)

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
Current assets:		
Cash	144,080	185,170
Accounts Receivable, other	4,135	4,885
Prepaid expenses & deposits	30,854	30,854
Total Current Assets	179,069	220,909
Other Current Assets:		
Investment in BVI	1	1
Investment in GMCL	1	1
Fixed Assets:		
Property, plant and equipment, net	9,683	9,683
Total Other Assets	9,685	9,685
TOTAL ASSETS	\$ 188,754	\$ 230,594

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities:


Accounts payable & accrued liabilities	2,713,591	2,385,261
Total Liabilities	2,713,591	2,385,261


Shareholders' Equity:

Share Capital	21,716,674	21,666,674
Common Share Warrants	227,843	227,843
Contributed Surplus	4,314,231	4,314,231
Cumulative Translation Adjustment	(3,715,706)	(3,715,706)
Deficit	(24,647,709)	(23,085,791)
Net Income	(420,170)	(1,561,918)
Total Shareholders' Equity	(2,524,837)	(2,154,667)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 188,754	\$ 230,594

See accompanying notes to financial statements.

On behalf of the Board:

Kerry D. Smith  Director

Brian M. Cloney  Director

HMZ METALS INC.

Interim Statement of Operations and Deficit
Three months ended March 31, 2008 and 2007
Unaudited
(Expressed in Canadian dollars)

	2008	2007
Revenue:		
Sales	\$ 8,853	\$ 79,873
Gain (loss) on foreign exchange	36	-
Total Income	8,889	79,873
Expenses:		
Corporate administration	191,065	663,429
Salaries and benefits	9,206	53,378
Consulting fees	227,918	681,772
Legal, audit and accounting	871	143,940
Insurance	-	99,272
	429,060	1,641,791
Loss from operations before under-noted	(420,170)	(1,561,918)
Loss for the period to date	(420,170)	(1,561,918)
Deficit, beginning of year	(24,647,709)	(23,085,791)
Deficit	\$ (25,067,879)	\$ (24,647,709)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	109,642,844	88,526,975

See accompanying notes to consolidated financial statements.

HMZ METALS INC.

Interim Statement of Cash Flows

Three months ended March 31, 2008 and 2007

Unaudited

(Expressed in Canadian dollars)

	2008	2007
Loss for the period	\$ (420,170)	\$ (1,561,918)
Items not requiring cash		
Write off of balance due from Biogan International Inc.	-	-
Write down of investment in joint venture	-	-
Amortization	-	2,889
Stock based compensation	-	-
Change in non-cash operating working capital (note 7)	-	432,293
	(420,170)	(1,133,109)
Cash flow from investing activities		
Increase in promissory note payable	-	315,000
Issuance of shre capital	50,000	780,000
Share issue costs	-	(46,580)
	50,000	1,048,420
Increase in cash	-	(84,689)
Decrease in cash	(41,090)	-
Cash beginning of period	185,170	269,859
Cash end of period	\$ 144,080	\$ 185,170
Supplementary information		
Interest	\$ -	\$ -

The accompanying notes are an integral part of these financials statements.

1. Basis of presentation:

These unaudited interim financial statements of HMZ Metals Inc. (the “Company”) for the three months ended March 31, 2008 and 2007 have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”), except that certain disclosures required for annual financial statements have not been included.

Significant Accounting Policies

Change in reporting currency

Effective January 1, 2005, the Company changed its reporting currency to the Canadian dollar. 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 businesses in the mining industry. Prior to January 1, 2005, the Company reported its financial statements in United States dollars. The related financial statements and corresponding notes prior to January 1, 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”. These guidelines require that the financial statements be translated into the reporting currency using the current rate method. Under this method, the statement of operations and cash flow items for each year are translated into the reporting currency using the average rate in effect for the period, and assets and liabilities are translated using the exchange rate at the period end. All resulting exchange differences are reported as a separate component of shareholders’ equity titled “Cumulative Translation Adjustment”.

Going concern

These financial statements have been prepared on a going concern basis in accordance with Canadian GAAP. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Corporation has accumulated losses amounting to \$24,647,709 that raise substantial doubt about its ability to continue as a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

Measurement uncertainty

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

HMZ METALS INC.

Notes to the March 31, 2008 Financial Statements (continued)

(Expressed in Canadian dollars)

statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those reported.

Significant estimates and assumptions in the preparation of these financial statements include, but are not limited to the carrying value of investments, stock-based compensation, and other equity instrument valuations. Actual results could differ from those estimates.

The consolidated quarterly 2005 comparative financial statements have not been restated to reflect the write down from the loss of control of the joint venture interest during the fourth quarter of 2005 or the change to Canadian dollar reporting from US dollar as Management concluded that a restatement would not provide meaningful comparative information. See the audited financial statements ended December 31, 2007, note 3.

Accordingly, these interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2007, except as noted below. The interim unaudited consolidated financials statements include all adjustments that are, in the opinion of management, necessary for fair presentation. These unaudited interim consolidated financial statements have not been reviewed by the Company's auditors.

The unaudited interim financial statements have been prepared on a basis that is consistent with the policies set out in the Company's consolidated annual financial statements for the year ended December 31, 2007, except as noted below. The results of operations and cash flow for the current periods are not necessarily indicative of the results to be expected for the full year.

Share Incentive Plan

On March 28, 2005 the Company implemented a share incentive plan (the "Plan"), consisting of a share purchase plan, a share option plan and a share bonus plan, which is administered by the board of directors. The Plan provides that eligible persons there under include any director, employee (full time or part-time), officer or consultant of the Company or any subsidiary thereof.

The Company accounts for stock-based compensation using the fair value method. Under this method the Company records the fair value of the stock-based compensation granted over the vesting period as an expense. The offset for these expenses is recorded in contributed surplus until the options are exercised.

2. Related party transactions and balances:

Material transactions with related parties are summarized as follows:

A company controlled by the Chief Executive Officer charged the Company an administrative fee amounting to \$67,500 for the period ended March 31, 2008 and for comparative purposes the amount charged for the same reporting period during 2007 was \$67,500. The Chief Financial Officer charged the Company an administrative fee amounting to \$54,000 for the period ended March 31, 2008 and for comparative purposes the amount charged for the same reporting period during 2007 was \$54,000. A company controlled by the Secretary charged the Company an administrative fee amounting to \$15,000 for the period ended March 31, 2008 and for comparative purposes the amount charged for the same reporting period during 2007 was \$15,000.

3. Capital stock and Options:

Authorized: Unlimited common shares with no par value

Issued and outstanding:

As of March 31, 2008 total Common Shares issued totaled 109,642,844 and Options Outstanding of 1,925,000 with an exercise price of \$0.40 expiring March 27, 2010. For complete details see note 8 of the December 31, 2007 Audited Financial Statements.

(a) Share and warrant issue costs:

The Corporation has incurred \$nil during the three month period ended March 31, 2008.

(b) Share Incentive Plan:

Share Option Plan:

Pursuant to the share option plan, the directors have the authority to grant options to any director, employee (full-time or part-time), officer or consultant of the Corporation or any subsidiary thereof. Options must be exercised no later than 10 years after the date of the grant, or such earlier period as determined by the directors at the time of the grant and are subject to vesting provisions unless the directors of the Corporation determine otherwise. Options granted are exercisable in whole or in part, at any time, from the date of grant of such options. The number of shares issuable under the stock option plan is a rolling maximum of 10% of shares issued and outstanding (calculated on a non-diluted basis) from time to time.

(c) Share Purchase Plan:

The share purchase plan entitles certain employees of the Corporation to contribute up to 10% of their annual base salary to purchase common shares. The Corporation matches each participant's contribution. At March 31, 2008, 636,000 shares have been reserved for issue under the share purchase plan. At March 31, 2008, no shares had been issued under this plan.

(d) Share Bonus Plan:

The share bonus plan permits common shares to be issued as a discretionary bonus to any director, employee (full-time or part-time), officer or consultant of the Corporation or any subsidiary thereof who is designated under the share bonus plan from time to time. At March 31, 2008, 691,971 shares have been reserved for issuance under the share bonus plan. At March 31, 2008, no shares had been issued under this plan.

4. Changes in non-cash Operating Working Capital as at March 31, 2008.

	2008	2007
(Increase) Decrease in prepaid deposits & taxes recovery	NIL	(30,854)
(Decrease) Increase in trade accounts payable	328,330	87,524

5. Loss per share:

Net loss per share is calculated using the weighted average number of common shares outstanding during the period. No effect has been given to the potential exercise of stock options in the calculation of fully diluted loss per share as the effect would be anti-dilutive.

6. Income taxes:

At March 31, 2008, the Corporation has available certain non-capital losses of approximately \$5,734,000 which can be applied against taxable incomes of future years expiring in various years, up to and including 2027 and capital losses of \$14,600,000 which are available indefinitely against capital gains. As a result of the uncertainty that these losses will be utilized, the company has not recognized the benefit in the accounts.

7. Commitments and Contingencies:

Commitments

The Company leases office facilities at \$10,400 per month expiring November 30, 2012. It is anticipated that half the amount payable under the lease will be offset by sub-tenancy agreement(s).

Contingencies

The Company has received notice of a potential claim by its former CEO in the amount of approximately \$500,000 relating to his ceasing to be an officer and director of HMZ. The Company will vigorously defend any action commenced by the former director and officer.

8. Subsequent events:

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.

In connection with the late filing of audited annual financial statements for the year ended December 31, 2007 (due March 31, 2008 under TSX reporting rules) HMZ requested a Management Cease trade Order (the "Order") which Order was granted by the Ontario Securities Commission April 9, 2008.

HMZ METALS INC.

Notes to the March 31, 2008 Financial Statements (continued)

(Expressed in Canadian dollars)

During April and May 2008 the Company has 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 1:5 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.