



HMZ Metals Delays Release of Second Quarter Financials

TORONTO, CANADA, August 16, 2005 – HMZ Metals Inc. (“HMZ” or the “Company”) announces that it has delayed filing of its financial statements for the quarter ended June 30, 2005 pending the resolution of a difference of opinion with its Chinese joint venture partner Hechi Industrial Co. Ltd. (“HI”) relating to the ownership of earnings from the Hechi copper smelter located in the People’s Republic of China.

This matter came to the Company’s attention when completing the second quarter financials when management was advised that approximately 14.5 million RMBs (US\$1.8 million) had been transferred from the accounts of the Hechi copper smelter to HI. HI, through its wholly-owned subsidiary Hechi Copper Refinery Company (“HCRC”), was the owner of the Hechi copper smelter prior to the transfer of the Hechi copper smelter and other assets into Guangxi Guanghe Metals Co. Ltd. (GGM), the cooperative joint venture company owned by HMZ and HI. Mr. Kuang Yihuai, Chairman and director of HMZ and a director and general manager of GGM, confirmed that he authorized the transfer of these funds to HI on the basis that although the smelter assets have been transferred to GGM, the assets have not yet been used in business by GGM to generate income and accordingly GGM has no right to the earnings and cash earned to date. Mr. Kuang believes that the business continued to be operated by HCRC, a subsidiary of HI, and as such the earnings belong to HCRC. The position taken by HI, if valid, would affect the past financial performance of the Company but would not affect the earnings from the smelter in the future.

Management has received preliminary legal advice, supported by the Company’s auditors, that HI’s position on earnings is contrary to the agreements, the intent of the agreements and to documents signed by Mr. Kuang Yihuai on behalf of GGM and HI. The Company agrees with its auditors and legal counsel that Mr. Kuang Yihuai’s position is not supportable.

“HMZ was preparing to report on what appeared to be a positive quarter that exceeded management’s expectations. Due to certain events that occurred in China subsequent to the end of the quarter, however, management and Directors felt it was prudent to delay filing HMZ’s financial statements until all facts have been verified and the potential impact on the accuracy of the financial results was fully evaluated,” said President Kerry D. Smith, who with other senior management has travelled to the operations to follow up on these events and is currently in Beijing meeting with the Company’s legal counsel and auditors to determine the appropriate course of action, and will provide further details as they become available.

The Audit Committee of the Board of Directors will supervise the investigation into these events which may affect the financial statements of the Company to June 30, 2005, and will actively pursue recovery of all funds transferred without authorization. The Audit committee is composed of independent directors Mr. Birks Bovaird, Mr. Brian Cloney and Mr. Stephen Wilkinson. Further details will be provided as they become available.

About HMZ Metals

HMZ Metals Inc. is an integrated Toronto-based mining and smelting company focused on base metals and gold in China. The Company’s core assets are the Hechi copper smelter; a 9% interest in the high-grade Gaofeng zinc, tin, lead, antimony mine; the Wuxu lead, zinc and antimony mill; and letters of intent on base metal and gold projects in the Guangxi Zhuang Autonomous Province of the People’s Republic of China. HMZ shares trade on the Toronto Stock Exchange under the symbol HMZ.



For further information, please visit our website at www.hmzmetals.com, or contact:

Sean Stokes

(416) 214-3270 ext 232

This press release includes certain "Forward-Looking Statements." All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of HMZ, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from HMZ's expectations are disclosed under the heading "Risk Factors" and elsewhere in HMZ documents filed from time-to-time with the Toronto Stock Exchange and other regulatory authorities.