



HMZ takes steps to enforce rights in China, removes Chairman, reviews New Projects

TORONTO, CANADA August 1, 2006 HMZ Metals Inc. (the “Company”) announced today that in response to a proposal to dissolve the Chinese joint venture from its Chinese Joint Venture partner (“Hechi”) it has given notice to Hechi of its intent to invoke the arbitration clause under the joint venture agreement. The Company anticipates that the notice, together with referral of outstanding issues to the Canada – China business dispute resolution mechanism co-ordinated by both governments, will force a resolution of current differences in a timely manner.

Long standing differences concerning the unauthorized transfer of funds to Hechi and potential breach of fiduciary duty by Hechi’s representatives to the Company’s joint venture in China have gone unresolved despite management’s best efforts to effect a resolution. Chinese legal counsel to the Company has confirmed that the Company’s Chinese joint venture company has been properly constituted and is a validly existing legal entity.

Kuang Yihuai, a representative of Hechi, has been removed as Chairman of the Board of Directors. He will be replaced by the Company’s current Lead Director; Stephen Wilkinson.

In addition, the Company has taken several concrete steps to ensure its future viability and growth which include the retaining of two individuals with wide ranging China and international trade finance experience, to sit on the Company’s Advisory Committee.

- John Gruetzner is a principal of Intercedent Limited. Mr. Gruetzner designs and implements client proprietary business development strategies for companies in the telecommunications, financial services and resource sector operating in Asia. He is based in Beijing, China.
- John Kwong is the founder and Executive Director of Sycnetix Inc., an independent Global Project Finance Solutions consulting company specializing in cross border business acquisition strategic planning and innovative project finance solutions. Prior to founding Sycnetix, Mr.Kwong enjoyed a thirty year banking career with significant responsibility for Asian trade finance.

Both Mr. Gruetzner and Mr. Kwong are fluently bilingual in Mandarin and their familiarity with the Chinese legal system and business practices dramatically enhances the Company’s abilities to do business in China. Both Mr. Gruetzner and Mr. Kwong have implemented successful government relations strategies as part of their businesses in China.

In a related initiative, the Company is currently conducting a due diligence review of four new mining opportunities in China. The Company plans to diversify its operations in China by expanding its management expertise and operational capacity exclusive of the Company’s current joint venture partners.

For more information visit www.hmzmetals.com or call Kerry Smith at 416-214-3270