

THE SECURITIES ACT

)

Order No. 5983

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Section 20(1) and 148

)

August 24, 2009

HMZ METALS INC.

WHEREAS:

(A) The Manitoba Securities Commission (the “Commission”) issued a cease trade order dated May 13, 2009 pursuant to section 148(1) of The Securities Act (Manitoba) (the “Act”), (the “Cease Trade Order”) which provided that all trading in the securities of HMZ Metals Inc. (the “Applicant”) shall cease until further order by the Director;

(B) The Applicant has applied to the Commission pursuant to section 20(1) and section 148 of the Act for a partial revocation of the Cease Trade Order;

(C) The Applicant has represented to the Commission that:

1. The Applicant was formed by certificate and articles of incorporation under the *Canada Business Corporations Act* on July 22, 2002.

2. The Applicant’s registered and head office is located at 2 Toronto Street, Suite 500, Toronto, Ontario, M5C 2B6.

3. The Applicant is a reporting issuer in Ontario, Alberta, Saskatchewan, Manitoba, British Columbia, Quebec, Newfoundland, and Nova Scotia.

4. The Applicant’s authorized capital consists of an unlimited number of common shares (the “Common Shares”) and an unlimited number of special shares (the “Special Shares”), issuable in series, of which 109,998,400 Common Shares and 30,200,000 Special Shares are issued and outstanding.

5. The Applicant’s principal assets consist of interests in certain mining, smelting, and milling operations in southern China’s Guangxi province, as well as an interest in certain mining claims in Conmee Township, Ontario.

6. The Cease Trade Order was issued due to the failure of the Applicant to file and mail to its shareholders (the “Shareholders”) audited financial statements and related management’s discussion and analysis for the year ended December 31, 2008 (the “Financial Statements”). No further financial statements have been filed or mailed to the Shareholders since that time and no further continuous disclosure documents required by applicable securities legislation have been filed by the Applicant since that time.

7. The Applicant suffered financial distress caused by the Applicant's joint venture partner breaching its obligations to transfer certain funds to the Applicant pursuant to a joint venture agreement to which they are both party, and protracted negotiations, arbitrations, and litigation undertaken by the Applicant in an attempt to recover said funds. As a result, the Applicant has lacked the funds necessary to prepare, file, or deliver any subsequent financial statements and related MD&A.

8. In addition to the Cease Trade Order, the Applicant is subject to the following cease trade orders (collectively, the "Other Cease Trade Orders") for failing to file and mail the Financial Statements to its Shareholders :

(a) an order issued by the Autorité des marchés financiers (the "AMF") on May 4, 2009, as extended by a further order dated May 13, 2009;

(b) an order issued by the British Columbia Securities Commission (the "BCSC") on May 4, 2009; and

(c) an order issued by the Ontario Securities Commission (the "OSC" and together with the Commission, AMF, and BCSC, the "Securities Regulators") on May 1, 2009, as extended by a further order dated May 13, 2009.

9. The Applicant is concurrently applying to the OSC and BCSC for a partial revocation of each of the relevant Other Cease Trade Orders.

10. Prior to the issuance of the Cease Trade Order, the Common Shares of the Applicant were traded on the Canadian National Stock Exchange (formerly the Canadian National Quotation System).

11. The Applicant is seeking to effect the following transactions to enable the Applicant to bring itself into compliance with its continuous disclosure obligations and fund operations, one or more of which transactions, or the actions associated therewith, may constitute a contravention of the Cease Trade Order:

(a) complete the following non-brokered private placement of its Common Shares (the "Private Placement") with accredited investors (as such term is defined in National Instrument 45-106 – Prospectus and Registration Exemptions) resident in British Columbia, Manitoba and Ontario (each a "Potential Investor") to raise gross proceeds of up to \$440,000: up to 8,800,000 units (each, a "Unit") at a price of \$0.05 per unit. Each unit shall be comprised of one common share in the capital of the Applicant ("Common Share"), one common share purchase warrant (each, a "Warrant") and one promissory note (collectively, the "Note"). Each Warrant shall entitle the subscriber to purchase one Common Share at an exercise price of \$0.075 per Common Share for a period of two years following the close of the financing. The Note shall entitle to the Subscriber to repayment by the

Company of up to a maximum of the total amount of the subscriber's subscription; and

(b) prior to the Private Placement, the effecting of the consolidation of the existing outstanding Common Shares at a rate of 5:1 (the "Share Consolidation") as previously approved by the Shareholder at the annual and special meeting of the Shareholders held on June 30, 2008.

12. The proceeds from the Private Placement shall be used as follows:

Preparation of continuous disclosure records	\$156,000
Filing fees with securities commissions	\$ 32,500
Outstanding fees for Transfer Agent	\$ 20,000
Office expenses	\$ 34,500
Salaries (at 50%)	\$197,000
TOTAL	\$440,000

13. As the Private Placement and Share Consolidation will involve trades in securities of the Applicant (including, for greater certainty, acts in furtherance of trades in securities of the Applicant), each cannot be completed without a variation of the Cease Trade Order.

14. The Private Placement trades are expected to take place in British Columbia, Manitoba and Ontario.

15. The Private Placement and Share Consolidation will be completed in accordance with applicable securities legislation.

16. Prior to completion of the Private Placement, each Potential Investor will receive:

(a) a copy of the Cease Trade Order;

(b) a copy of this order; and

(c) written notice from the Applicant, and will provide written acknowledgement to the Applicant, that all of the Applicant's securities, including the Common Shares Warrants issued in connection with the Private Placement, will remain subject to the Cease Trade Order until it is revoked, and that the granting of this order does not guarantee the issuance of a full revocation order in the future.

17. The Applicant is not in default of any requirements of the Cease Trade Order or the Act or the rules and regulations made pursuant thereto, subject to the deficiencies outlined in paragraph 6 above.

18. Upon the issuance of this order, the Applicant will:

(a) issue a press release and file a material change report announcing, among other things, the Private Placement, the Share Consolidation, and this order;

(b) market the Private Placement and provide information relating to the Applicant to the Potential Investors in accordance with the provisions of this order and in accordance with the Act and the rules and regulations made pursuant thereto; and

(c) issue Common Shares and Warrants in connection with the Private Placement.

19. To bring its continuous disclosure record up to date, the Applicant intends, within a reasonable time following the completion of the Private Placement, to file the following documents on SEDAR once completed (collectively, the “SEDAR Documents”):

(a) the Financial Statements;

(b) its interim financial statements for the interim periods ending on or around the date of the completion of the Private Placement, and the related management’s discussion and analysis;

(c) all certifications by the Chief Executive Officer and the Chief Financial Officer of the Applicant with respect to the Applicant’s annual and interim filings required by Multilateral Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings; and

(d) all other continuous disclosure documents required by applicable securities legislation to be filed by the Applicant.

20. The purpose of the Private Placement is to enable the Applicant to raise sufficient funds to reactivate its business to bring its continuous disclosure up to date and to apply for a full revocation of the Cease Trade Order and Other Cease Trade Orders.

21. The Applicant intends, within a reasonable time following the completion of the Private Placement, to apply to the Commission and the Securities Regulators for a full revocation of the Cease Trade Order and the Other Cease Trade Orders imposed by each of the Securities Regulators.

22. The Applicant is not considering, nor is it involved in any discussion relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

23. The Applicant will take all necessary actions to obtain relief for failure to timely hold all annual general meetings required pursuant to the *Canada Business Corporation Act*.

(D) In view of the foregoing, I am of the opinion that it would not be prejudicial to the public interest to partially revoke the Cease Trade Order.

I HEREBY ORDER pursuant to a delegation to me by the Commission under subsection 4(1) of the Act of the powers in that behalf:

1. THAT pursuant to section 20(1) and section 148 of the Act that the Cease Trade Order be and is hereby partially revoked solely to permit trades in securities of the Applicant (including, for greater certainty, acts in furtherance of trades in securities of the Applicant) that are necessary for and are in connection with the Private Placement and the Share Consolidation provided that:

(a) prior to completion of the Private Placement each Potential Investor receives:

(i) a copy of the Cease Trade Order;

(ii) a copy of this order; and

(iii) written notice from the Applicant, and will acknowledge, that all of the Applicant's securities, including the Common Shares issued in connection with the Private Placement will remain subject to the Cease Trade Order until it is revoked, and that the granting of this order does not guarantee the issuance of a full revocation order in the future.

(b) this order will terminate on the earlier of:

(i) completion of the Private Placement; and

(ii) 120 days from the date hereof.

BY ORDER OF THE COMMISSION

"R.B. Bouchard"
Director