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PRESS RELEASE

GFM closes Private Placement, completes Shares-for-Debt transaction and announces New Management Team

Vancouver, BC, July 4, 2005

GFM Resources Limited (the Company) is pleased to announce that it has raised \$239,700 pursuant to the closing of a non-brokered private placement originally announced on June 6th, 2005 with its majority shareholder, Grupo Ferrominero, S.A. de C.V. ("Grupo"). The Company issued Grupo 2,397,000 units at a price of \$0.10 per unit, each unit consisting of one common share and one half share purchase warrant. Each full warrant entitles Grupo to purchase one common share at an exercise price of \$0.20 per share until June 30, 2005. The units have a hold period expiring on October 31, 2005 as required by TSX Venture Exchange policies and securities laws. The proceeds will be used for general working capital and for investigating potential acquisitions.

The Company also settled a debt with Grupo of \$258,923 (US \$205,120) by issuing 2,589,230 common shares at a deemed price of \$0.10 per share. These shares carry no warrants, and have a hold period also expiring on October 31, 2005. This issuance is in full payment of loan amounts outstanding with Grupo to date.

The debt settlement and private placement are related party transactions pursuant to Exchange policy 5.9. The transactions were reviewed and approved by an independent committee of the board of directors of the Company. The independent committee reviewed the recent trades in securities of the Company and the Exchange policies in making its determination to approve the transactions. The Company is relying upon exemptions from the valuation and minority approval requirements of Exchange policy 5.9 which are found in Ontario Securities Commission Policy 61-501 (the "OSC Policy") found in sections 5.5(3) and 5.7(3) of the OSC Policy, respectively. The Company is entitled to rely on these exemptions because it is not listed on any of the stock exchanges specified in the OSC Policy, the transactions are for securities with a fair market value of less than \$2,500,000, and the transactions have been approved by an independent committee of the board of directors.

Grupo now owns 9,461,390 common shares of the Company, equal to 85% of the currently outstanding common shares, and holds warrants entitling it to increase its interest in the Company to 86% of the outstanding common shares. Jose Antonio Rivero, a director of the Company, is the controlling shareholder of Grupo.

On June 30, 2005, the Company had its annual general meeting of shareholders; the following individuals were elected as Directors of the Company:

- José Antonio Rivero (Chairman),
- Roman Friedrich III,
- Lizardo Galván,
- Eric Jurgensen,
- Pedro Reynoso, and
- James Robertson, P. Eng.

Ernst & Young LLP Chartered Accountants was appointed as auditors of Company. Ellis Foster Chartered Accountants, the previous auditor of the Company, joined Ernst & Young pursuant to a merger of practices in May 2005.

Following the annual general meeting, the Board appointed the following officers and managers:

- Mr. Lizardo Galván, and President and Chief Executive Officer,
- Mr. Salvador Miranda as Chief Financial Officer,
- Mr. Stephen Wortley as Corporate Secretary,
- Mr. Sergio Hernández as Exploration Manager.

Additional information about the Company and the management team can be found on the Company's website: www.gfm-resources.com, and other documents are available on the SEDAR website at www.sedar.com.

For further information contact Mr. Salvador Miranda, Chief Financial Officer, at (604) 806-6110.

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.