

GFM RESOURCES LIMITED

(A development-stage company)

Form 51-102F1

Management's Discussion & Analysis

For the year ended December 31, 2007

This annual MD&A should be read in conjunction with the annual audited consolidated financial statements for the fiscal year ended December 31, 2007.

1.- Date of this report: April 22, 2008.

2.- Overall Performance and events

a) Description of Business

GFM Resources Limited (the "Company") is an emerging mineral exploration company focused on the acquisition and development of high-potential exploration properties in Mexico and Latin America. Its shares are listed on the NEX Board of the TSX Venture Exchange ("TSX-V") under the symbol GFM.H. The Company's majority shareholder, Compañía Minera Autlán, S.A.B. de C.V. ("Autlan") is a Mexican company listed on the Mexican Stock Exchange and active in manganese and ferroalloy operations in Mexico. Autlan is controlled at approximately 80% by Grupo Ferrominero, S.A. de C.V. ("Grupo"), a private Mexican holding company. Grupo also controls other companies in domains such as electronics, energy, textiles and investment banking.

The Company was incorporated under the laws of British Columbia, Canada in 1987. During the year ended December 31, 2000, the Company continued its operation into the Yukon Territory, Canada, under the Business Corporation Act of Yukon, and registered as an extra-provincial company in British Columbia under the laws of British Columbia.

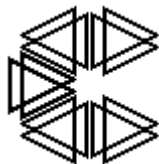
b) Financings

On March 1, 2007, the Company entered into a convertible Loan Agreement (the "Loan Agreement") with Grupo. Under the terms of the Loan Agreement, Grupo will fund amounts from time to time to a maximum of \$500,000 per year. Each advance will bear interest, commencing on the date of the advance, at the Prime Rate offered by the Company's bank on such date. The loan is repayable on demand.

Grupo has the right to convert the principal amount of each advance into units of the Company at the closing price of the Company's common shares on the TSX-V on the day before the advance (the "Conversion Price"). Each unit will consist of one common share and one common share purchase warrant. Each warrant will be exercisable for a period of one year from the date of issuance at the Conversion Price.

On September 30, 2007, an Amending Agreement was entered into whereby, should Grupo exercise its conversion right after one year from the date of the advance, then the principal amount of the advance will be converted only into common shares of the Company at the Conversion Price, instead of into units consisting of one common share and one share purchase warrant. Furthermore, the convertibility provision will be restricted to a maximum of five years from the date of each advance.

Following guidelines of instrument 3861 of the Canadian Institute of Chartered Accountants ("CICA 3861), the convertible loan has two balance sheet components:



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- a) a liability component, calculated as the discounted value of the complete obligation to Grupo at the end of the five-year convertibility term, discounted at a rate equivalent to a commercial rate for the loan if it had no convertibility option; the discount rate used was 9%. The liability component also includes the interest accrued to date and an accretion of the equity component; and
- b) an equity component, calculated as the difference between the discounted value of the complete obligation to Grupo and the principal amount owed.

During the year ended December 31, 2007, the Company received advances amounting to \$255,000 (2006 - \$48,255) from Grupo to fund its operations. The Company has received an additional \$70,000 from Grupo subsequent from the end of 2007.

Accrued interest to during the year ended December 31, 2007 was \$11,433 (2006 - \$135). The advances bear a weighted-average interest rate of 6.06% per annum.

c) Board and Officers

As at the date of this MD&A, the following are the Directors and Officers of the Company:

José Antonio Rivero	Director, Chairman	(Mexico)
Roman Friedrich III	Director, President and Chief Executive Officer	(Vancouver)
Jose H. Madero	Director	(Mexico)
Erik C. Jurgensen	Director	(Mexico)
James Robertson, P.Eng.	Director	(Vancouver)
Salvador Miranda	Chief Financial Officer	(Vancouver)
Stephen Wortley	Secretary	(Vancouver)

d) Option on Atexcaco mineral property and exploration

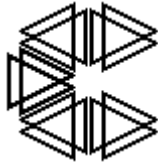
As indicated in the annual MD&A for the year ended December 31, 2006, the Company had an option with Grupo to earn an interest in Grupo's Atexcaco volcanogenic massive sulphide (VMS) project in the State of Puebla, in central Mexico.

Under the terms of the option agreement, the Company could earn a 60% interest in Atexcaco by investing \$750,000 in exploration with the following investment schedule:

- \$200,000 by June 30, 2006 (\$345,945 had been spent to that date)
- An additional \$550,000 by June 30, 2007 (a total of \$362,068 was spent to December 31, 2007).

As the total of \$750,000 was not invested by the June 30, 2007, the option has lapsed, as expected, given the inconclusive results of exploration done during 2006, including a drilling campaign, and recommendations from a Qualified Person's report. The Company has decided not to continue with exploration at Atexcaco at this time, and to examine other mineral properties for potential acquisition.

The amounts spent in exploration were therefore written down and charged to operations during 2006.



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e) Minera Autlán becomes majority shareholder

On July 9, 2007, Compañía Minera Autlán, S.A.B. de C.V. ("Autlan"), a Mexican public company controlled by Grupo acquired 9,672,390 common shares of the Company from Grupo in a private transaction, thus becoming the new controlling shareholder of the Company. As Grupo controls approximately 80% of Autlan, there is no change of control.

The purpose of this transaction is to enable Autlan to diversify its activities by including exploration of minerals other than manganese through its investment in the Company.

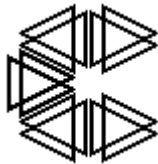
f) Acquisition of La Casita and option to Geologix.

On January 10, 2008, the Company entered into a Letter of Intent (the "LOI") to acquire from Grupo the "La Casita" mineral property, formerly known as El Rodeo property ("the Acquisition") in the State of Durango, Mexico, and to option the property to Geologix Explorations Inc. (TSXV: GIX "Geologix").

The Company will pay Grupo a consideration of 150,000 common shares for the acquisition of 100% of the rights to the claims integrating La Casita property. The Company will also pay Grupo 10% of the cash amounts received from Geologix, following the same payment calendar as stipulated hereunder.

The La Casita mineral property is located near the town of Rodeo, 163 kilometres north of the major capital city of Durango, Mexico. The property lies at the eastern margin of Sierra Madre Occidental, very close to the high plateau and shares the same basic geology as many of the precious metals prospects in this belt. It is considered a prospective early-stage exploration property. Work done on the La Casita property by Autlan in 1997, resulted in a new discovery of epithermal gold mineralization.

During 1998, rights to La Casita were transferred from Autlan to Grupo, and an I.P. survey, some soil geochemistry lines and a reverse circulation drill program consisting of 14 drill holes totalling 1740 meters was carried out, testing several mineralized structures in silicified and pyritized breccias, where the gold mineralization is hosted. The conclusions of this program indicated that further exploration at a greater depth and towards Cerro Colorado hill would be merited. More recent exploration performed in adjacent mineral claims by unrelated exploration companies has provided the Company with encouraging information to proceed with further exploration at La Casita.



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In order to acquire a 60% interest in La Casita, Geologix will:

(i) Pay the Company US \$650,000 in cash over a period of up to four years as follows

a.	On signature of a definitive agreement	US \$50,000
b.	On or before the first anniversary thereof	US \$100,000
c.	On or before the second anniversary thereof	US \$125,000
d.	On or before the third anniversary thereof	US \$150,000
e.	On or before the fourth anniversary thereof	<u>US \$225,000</u>
Total		US \$650,000

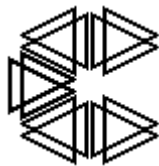
(ii) Fund 100% of an exploration program totalling US \$1,875,000, as follows:

a.	On or before the first anniversary	US \$125,000
b.	On or before the second anniversary	US \$250,000
c.	On or before the third anniversary	US \$500,000
d.	On or before the fourth anniversary	<u>US \$1,000,000</u>
Total		US \$1,875,000

Geologix will maintain the mineral concessions in good standing over the term of the option, and will have the right to accelerate the schedule of payments and work expenditures to earn its 60% interest.

Once Geologix has earned its 60% interest in La Casita, a joint venture between Geologix and the Company will be formed. The initial operator will be Geologix. The Operator will have three years to carry out further exploration, with a minimum annual expenditure budget of US \$625,000. Both parties may elect to contribute to the proposed budget or have their interest diluted.

A feasibility study may be proposed by the Operator, or by the other party if the Operator fails to do so, within three months of the end of the three-year joint venture period. If one of the parties elects not to participate in the funding of the feasibility study, the other party will earn an additional 11% interest in the joint venture by the completion of a positive feasibility study. If the feasibility study recommends taking the property into production and one of the parties does not elect to participate, the other party will earn a further 9% interest.



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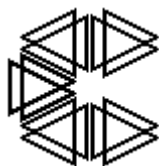
3.- Selected Annual Information

The following are summary figures for the last three fiscal years and are based on audited financial statements:

	Years ended December 31		
	2007 \$	2006 \$	2005 \$
Interest revenue (net)	Nil	581	174
Net loss	(302,439)	(807,718)	(326,291)
Per share, basic & diluted	(0.02)	(0.07)	(0.04)
Total assets	44,951	14,646	196,163
Long term liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

The comparatively higher loss during 2006 is mainly due to the write-off of the Atexcaco exploration expenses and to stock-based compensation. There were no comparable expenses during 2007.

The higher figure for total assets in 2007 is mainly due to cash received from Grupo through a convertible loan described under Section 2(b) *financings*.



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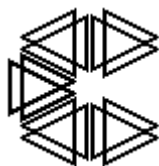
4.- Results of Operations

The following table summarizes the Period's expenses, compared to the same period during the previous fiscal year:

	Years Ended December 31			
	2007		2006	
<u>Cash expenses</u>	\$	% of expenses	\$	% change
Administration and accounting	59,328	20.40%	59,872	-0.91%
Audit	29,552	10.16%	24,378	21.22%
Legal	16,427	5.65%	30,216	-45.63%
Consulting fees	144,030	49.52%	100,865	42.79%
Filing fees	2,681	0.92%	3,981	-32.66%
Transfer agent fees	6,282	2.16%	6,680	-5.96%
TSX sustaining fees	5,000	1.72%	5,000	0.00%
Office rent	7,736	2.66%	4,800	61.17%
Office	4,464	1.53%	14,787	-69.81%
Promotion, news & dissemination	850	0.29%	30,865	-97.25%
Travel and automobile	13,295	4.57%	15,707	-15.36%
Training and development	1,230	0.42%	188	554.26%
	<u>290,875</u>	<u>100.00%</u>	<u>297,339</u>	<u>-2.17%</u>
<u>Non-cash expenses</u>				
Amortization expense & write-off equip.	-		677	
Accretion of convertible loan	5,959		-	
Property write-down	-		362,068	
Stock-based compensation	-		146,731	
Unrealized foreign exchange	(12,449)		1,484	
	<u>131</u>		<u>510,960</u>	
Loss before other items	(291,006)		(808,299)	
Interest (net)	(11,433)		581	
Loss and comprehensive loss	<u>(302,439)</u>		<u>(807,718)</u>	

Loss for the period was \$302,439 (2006: \$807,718). The significant amounts or significant differences were as follows:

- Administration and accounting fees were consistent with the prior fiscal year.
- Consulting fees include the payments to the Chief Executive Officer, at a monthly rate of \$7,500, and consulting fees of the Company's exploration manager in Mexico of \$54,030. During the comparable period in 2006 there were no fees paid to the exploration manager. Please refer to Section 9 for further information.
- Office rent for the period includes twelve months plus special facilities to accommodate the auditors of the Company, as opposed to only nine month of rent in 2006, the monthly rate was \$600 for both years.



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- Office expenses were lower during the current period; during 2006 the Company incurred expenses related to the office of the former chief executive officer.
- Traveling expenses are related to visits to potential projects in Mexico.
- Training was related to a course paid to the Exploration Manager.
- All other expenses were comparable with those of the previous year, or the amounts are not material in comparison to the ones explained above.

5.- Summary of quarterly results:

	Quarter ended (three-month unaudited figures) (\$)							
	31-Dec 2007	30-Sep 2007	30-Jun 2007	31-Mar 2007	31-Dec 2006	30-Sep 2006	30-Jun 2006	31-Mar 2006
Revenues	-	6	6	6	-	8	7	695
Loss before other items	(115,949)	(50,000)	(62,318)	(62,739)	(596,136)	(65,758)	(82,090)	(64,315)
Per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.04)	(0.01)	(0.01)	(0.01)
Loss	(120,116)	(53,329)	(64,882)	(64,112)	(596,136)	(65,758)	(82,090)	(64,315)
Per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.04)	(0.01)	(0.01)	(0.01)
Total assets	44,951	34,835	40,202	17,983	14,646	409,687	432,967	317,019
Long term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The higher comparative loss of the quarter ended December 31, 2007 was mainly due to expenses incurred in Mexico for a geologist engaged in the examination of potential mineral property acquisitions.

The significantly high loss for the December 2006 quarter, and the related reduction in total assets, is due to the write-down of the Atexcaco mineral property and to the stock-based compensation recorded in that quarter (see note 7(e) to the audited financial statements for the fiscal year ended December 31, 2006).

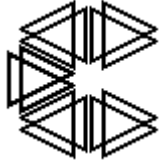
The increase in total assets in March 2006 was due to the cash raised through a private placement of \$170,000. The increase in total assets shown for the June 2006 quarter reflects the cash raised on exercise of share purchase warrants.

6.- Liquidity and Working Capital

At December 31, 2007, the Company had cash and cash equivalents and GST receivables of \$43,701 (December 31, 2006: \$13,396), and a working capital (deficiency) of \$(356,967) (December 31, 2006: \$(101,671)).

Receivables of \$14,257 (December 31, 2006: \$6,977) include Canadian Goods and Services (GST) tax of \$1,871 (2006: 1,494) and Mexican Value Added Tax ("IVA") of \$12,386 (2006: 5,483).

Accounts payable and accrued liabilities of \$23,381 (December 31, 2006: \$39,966^(*)) include current payables, and accruals for the 2007 audit, preparation of income tax return, annual filing fees and pending legal fees.



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Amounts due to related parties of \$104,897 (December 31, 2006: \$27,961^(*)) includes certain services provided by Grupo to the Company's Mexican subsidiary, and amounts due to the companies controlled by two officers of the Company.

(*) The 2006 comparative figures have been reclassified from statements previously presented to conform with the presentation of the current year consolidated statements.

The liability component of the convertible loan with Grupo of \$273,640 (December 31, 2006: \$48,390) is related to the cash advances indicated in Section 2(b) above, following the accounting treatment pursuant to CICA 3861. This component includes

- a) The discounted amount of the full obligation to Grupo for a term of five years at a rate equivalent to a commercial rate without the convertibility option;
- b) interest accrued to date; and
- c) accretion of the equity component of the loan.

Given the present level of ongoing obligations and expenses, the Company must rely on the continued financial support from Grupo or from Autlan in order to meet its operational obligations for the foreseeable future.

7.- Capital resources

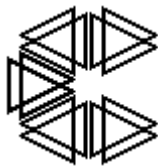
The Company's ability to raise additional funds from the equity markets will largely depend upon general market conditions, and the Company's ability to acquire new properties and to achieve certain exploration milestones. In order to attain these objectives and to meet its operational obligations, the Company will continue to rely on the financial support from Grupo and/or Autlan.

8.- Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements, and no contingent liabilities or other obligations.

9.- Transactions with Related Parties

- a) The Company paid \$90,000 (2006 \$22,500) to Roman Friedrich & Company Ltd., a company controlled by Mr. Roman Friedrich in consulting fees as part of his engagement as President and Chief Executive Officer. Mr. Friedrich was appointed President & CEO on October 1, 2006, with a monthly compensation of \$7,500.
- b) The Company paid \$Nil (2006 \$78,365) to Mr. Eduardo Baer as part of his engagement as Chief Executive Officer of the Company. As indicated above, Mr. Baer's relationship with the Company terminated on September 30, 2006.
- c) The Company paid \$54,000 (2006: \$39,625) in accounting and office administration, and \$7,200 (2006: \$4,800) in office rent, respectively, to InterAmerica Consulting & Development Inc, a company controlled by Mr. Salvador Miranda, Chief Financial Officer of the Company.
- d) The Company paid legal fees of \$18,586 (2006: \$37,211), including share issue costs, to a law firm where Mr. Stephen Wortley, the Company's Corporate Secretary, is Managing Partner of the law firm.



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- e) The Company paid \$3,413 (2006 - \$8,511) to Grupo for administration services provided to the Company's Mexican subsidiary.
- f) The Company paid \$66,891 (2006 - \$Nil) to Autlan to cover the salary of the Company's exploration manager, as well as software required for exploration-related geological evaluation.
- g) The Company paid \$Nil (2006 - \$9,644) to Aire Libre II, another company related to Grupo, for administration services provided to the Mexican subsidiary during 2006.
- h) The Company received \$255,000 (2006: \$48,255) from Grupo from cash advances in order to fund the Company's operational needs. Additionally, an amount of \$11,382 (2006: \$135) of interest was accrued.
- i) The Company received \$Nil (2006 - \$239,700) from the exercise of share purchase warrants.
- j) Included in amounts due to related parties as at December 31, 2007 are \$5,518 (2006: \$5,029) owed to a company controlled by Salvador Miranda in administration and reimbursable expenses, \$2,282 (2006: \$4,017) due to the law firm where Mr. Stephen Wortley is managing partner, and \$88,458 (2006 - \$18,155) owed to Grupo, or companies controlled by Grupo for services provided to the Company's Mexican subsidiary.

10.-Fourth quarter 2007

During the quarter ended on December 31, 2007, the Company focused its efforts in the review of alternatives for exploration in Mexico, including the negotiations leading to the letter of intent to acquire and option the "La Casita" property in Mexico (Section 2f). The Company examined and visited several other mineral projects as potential acquisition targets, conducted meetings and negotiations with their respective owners, and submitted an unsuccessful bid for one of them. The Company is currently reviewing other possible acquisition targets.

11.-Proposed Transactions

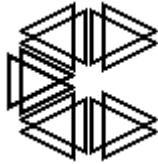
As a result of the letter of intent signed with Geologix (Section 2f), the Company expects to reach two formal binding agreements: one with Grupo or Autlan for the acquisition of the mineral claims integrating La Casita property, and the other one to regulate the terms of the option agreement with Geologix. It is expected that these formal agreements be concluded during the second quarter of 2008.

12.-Critical Accounting Estimates

Please refer to Note 2, Significant Accounting Policies, to the annual audited consolidated financial statements for the year ended December 31, 2007.

13.-Changes in Accounting Policies, including Initial Adoption

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after



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October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income

As a result of the adoption of these new standards, the Company has classified its cash equivalents as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost. The Company has elected to measure all derivatives and embedded derivatives at fair value and the Company has maintained its policy not to use hedge accounting.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

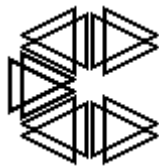
There are no effects to opening balances as at January 31, 2007 as a result of the application of this policy.

Recent accounting pronouncements.

The CICA has issued six new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the interim period ended March 31, 2008 and is currently considering the impact this will have on the Company's financial statements.

Section 1400 – Assessing Going Concern

This Section was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.



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Section 1535 – Capital Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital,
- (ii) summary quantitative data about what it manages as capital,
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject, and
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3031 - Inventories

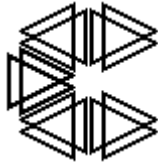
This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3064 – Goodwill and Intangible Assets

This new standard replaces the current standard for goodwill and intangible assets, Section 3062, and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

Section 3862 – Financial Instruments - Disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.



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The Section requires specific disclosures to be made, including the criteria for:

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

The Company does not believe that Section 3862 will have a significant impact on its consolidated financial statements.

Section 3863 – Financial Instruments - Presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company does not believe that Section 3863 will have a significant impact on its consolidated financial statements.

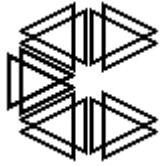
14.-Financial Instruments and other Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, amounts due to related parties and amounts due to Grupo approximate their fair value due to the short-term nature of these instruments. It is management's opinion that Company is not subject to significant interest and credit risks arising from these financial instruments

15.-Disclosure and Internal Controls.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures, subject to certain limitations indicated below, were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 –



GFM RESOURCES LIMITED

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Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended December 31, 2007.

The Company identified certain weaknesses and the need for improvement of controls and procedures in areas such as the segregation of duties, taxation, awareness of accounting implication of certain agreements and decisions, and control over the accounting process of its Mexican subsidiary. These weaknesses and their related risks are not uncommon in a company of the size of GFM, because of the limitations of size and number of staff.

Management is taking appropriate steps to further analyze areas of weakness, improve controls and reduce risks by taking active steps to design and implement procedures, including written documentation of these procedures, an increased oversight from the Board with more regularly-scheduled meetings, and the retaining of external independent advice in certain key accounting, taxation and legal issues, as the Company does not presently have internal personnel with all the technical accounting or legal knowledge to address the more complex transactions. With these measures the Company aims at reducing the likelihood of a material misstatement or untimely disclosure in financial reporting. However, at present there is no assurance that this risk can be eliminated.

16.-Risk Factors.

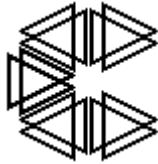
Development-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. Regarding the properties under the option agreement described in Section 2, Grupo has provided reasonable assurance that its mineral properties' titles are in good standing.

The price of the commodities being explored is also a significant risk factor, as a substantial decline in their price could result in a decision to abandon a specific project.

Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.



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At the present time, the Company has no rights to a property of merit, and therefore its ability to raise capital is limited, having to rely on funding provided by Grupo or Autlan to meet its obligations, including the search for a property of merit.

Finally, operating in a specific country has legal, political and currency risks that must be carefully considered to ensure their level is commensurate to the Company's assessment of the project.

17.-Forward-Looking Statements.

Certain statements made and information contained in this MD&A and elsewhere constitute "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described under Risk Factors in each management discussion and analysis.

In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within Mexico will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements

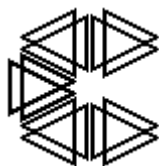
18.-Other MD&A requirements

- a) The Company, as a "venture issuer", is not required to prepare an Annual Information Form (AIF) at this stage.

Copies of all previously published financial statements, management discussions, meeting materials, etc., are available on the SEDAR website at www.sedar.com. Other Company information is available on its website at www.gfm-resources.com.

- b) Information pursuant to sections of National Instrument 51-102:

- i) Section 5.3: Please refer to Note #1 to the annual audited consolidated financial statements for the year ended December 31, 2007.
- ii) Section 5.4: Share Capital: please refer to Note #5 to the annual audited consolidated financial statements for the year ended December 31, 2007.



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As at the date of this MD&A, the Company has the following securities:

Common shares, issued and outstanding: 12,794,746 (225,000 of which remain in escrow)

Stock options: 1,235,000 with a weighted-average exercise price of \$0.26 per option and a weighted-average expected contractual life of 3.03 years from the date of this MD&A. Each option entitles its holder to purchase one common share of the Company.

The outstanding and exercisable options are allocated as follows:

Name	Position	No. of options	Exercise Price	Expiration Date
José Antonio Rivero	Director (Chairman)	106,500	\$0.10	June 30, 2010
		93,500	\$0.50	October 25, 2011
		40,000	\$0.25	March 11, 2013
Roman Friedrich III	Director and Officer (President & CEO)	80,000	\$0.10	June 30, 2010
		105,000	\$0.50	October 25, 2011
		80,000	\$0.25	March 11, 2013
Jose H. Madero	Director	40,000	\$0.25	March 11, 2013
Lizardo Galván	Officer (Consultant)	80,000	\$0.10	June 30, 2010
		40,000	\$0.50	October 25, 2011
		80,000	\$0.10	June 30, 2010
James Robertson	Director	40,000	\$0.10	June 30, 2010
		40,000	\$0.50	October 25, 2011
		40,000	\$0.25	March 11, 2013
Erik Jurgensen	Director	80,000	\$0.10	June 30, 2010
		40,000	\$0.50	October 25, 2011
		40,000	\$0.25	March 11, 2013
Salvador Miranda	Officer (CFO)	64,000	\$0.10	June 30, 2010
		36,000	\$0.50	October 25, 2011
		50,000	\$0.25	March 11, 2013
Stephen Wortley	Officer (Secretary)	16,000	\$0.10	June 30, 2010
		4,000	\$0.50	October 25, 2011
Sergio Hernández	Employee (Exploration Manager)	32,000	\$0.10	June 30, 2010
		8,000	\$0.50	October 25, 2011
		40,000	\$0.25	March 11, 2013
TOTAL		1,235,000	\$0.26	

The fully diluted capital of the Company as at the date of this MD&A is integrated as follows:

Shares issued and outstanding	12,794,746
Options outstanding and exercisable	1,235,000
Fully diluted	14,029,746

On behalf of the Board

GFM Resources Limited

(Signed) "Roman Friedrich III

Roman Friedrich III
President and Chief Executive Officer

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