



MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2007

Dated April 29, 2008

ACERO-MARTIN EXPLORATION INC.

Management Discussion & Analysis
For the Year Ended December 31, 2007

This Management's Discussion and Analysis ("MD&A") of Acero-Martin Exploration Inc. ("Acero-Martin", the "Issuer" or the "Company") has been prepared by management as of April 29, 2008 and should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2007.

The audited financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. References to dollars (\$) in this MD&A and the audited financial statements are in Canadian Dollars, unless otherwise noted.

Except for historical information, this MD&A may contain forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or other achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward looking statements.

Additional information pertaining to the Company is available on the SEDAR website at www.sedar.com or on the Company's website www.acero-martin.com. This discussion is dated April 29, 2008.

DESCRIPTION OF BUSINESS

Acero-Martin Exploration Inc. is a mineral exploration and development company with projects in North and South America. The Company is currently focused on developing its flagship Pinaya copper-gold project located in southern Peru. The Company also maintains a 75% interest in the Red Mountain gold project located in the Yukon Territory, Canada and 100% interest in two early stage gold projects located in Peru known as La Mamita and Minas Lucho. Acero-Martin trades on the TSX-Venture exchange under the symbol ASD and the Frankfurt stock exchange under the symbol AMX.

EXPLORATION PROJECTS

Pinaya Copper-Gold Project, southeastern Peru

Location and Ownership:

The Pinaya project is located approximately 775 kilometers southeast of Lima, the capital of Peru, and 110 kilometers north-northeast of Arequipa, the second largest city in Peru. The project area, as of the end of December 2007, covered approximately 16,000 hectares in 28 contiguous mineral concessions. The Company holds a 100% interest in the concessions through its Peruvian subsidiary Canper Exploraciones S.A.C.

Background:

Acero-Martin's main exploration activities at Pinaya started in September 2004. Surface mapping, rock sampling, geophysical surveys, soil geochemistry, trenching and eight diamond drilling campaigns have been carried out since.

Nine gold-copper mineralized zones and occurrences have been identified on the property thus far: the Gold Oxide Skarn; Western Porphyry; Northwestern Porphyry; Vizcachani; Montaña de Cobre y Oro; Minas Jorge; Don Pedro; Los Vientos; and Saitocco zones. Silver anomalies have also been identified in samples from the Montaña de Cobre y Oro and Saitocco zones.

In September of 2006, based on the first 70 holes drilled, an initial independently calculated NI 43-101 resource estimate was reported. It stated that Pinaya hosts an Indicated Resource of 29.13 million tonnes grading 0.53 g/t gold and 0.42% copper and an Inferred Resource of 12.72 million tonnes grading 0.41 g/t gold and 0.41% copper. This equates to approximately 498,000 troy ounces of gold and 269,000,000

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pounds of copper in the Indicated category, and 168,000 troy ounces of gold and 115,000,000 pounds of copper in the Inferred category.

Drilling and exploration has been ongoing since the release of the initial resource estimate. To date a total of 156 holes (40,000+ metres) have been drilled by the Company, mainly on the Western Porphyry, Northwestern Porphyry and Gold Oxide Skarn zones. Drilling since the release of the initial resource continues to work to expand the size of the deposit and test new zones of mineralization.

2007 Work Program Summary:

Acero-Martin's 2007 exploration program included an extensive drilling program as well as trenching, soil sampling, geological mapping, and prospecting.

Diamond Drilling Program:

A total of 57 holes and 19,600 meters were drilled at Pinaya in 2007. The drilling began on February 3rd 2007 and concluded on November 26th 2007. A total of 15,923 core samples were shipped to SGS Laboratories in Lima, Peru. A QA/QC program was maintained during the program, with standards, blanks, and duplicates inserted every 20 samples in order to verify laboratory reliability.

Trenching:

Over the course of 2007, 56 trenches were excavated and sampled for a total of approximately 11.25 kilometers of exposure. Within those trenches 7,503 channel samples with an average width of 1.5 meters were collected and sent to SGS Laboratories for analysis.

The objective of the trenching program was to extend, and prepare for drilling, some of the emerging target zones on the project, such as Montaña de Cobre y Oro, Minas Jorge, Don Pedro, and Viscachani. A newly discovered zone, known as Los Vientos, located approximately 700 meters to the southeast of the Gold Oxide Skarn Zone, was also tested for the first time.

Significant trenching results were returned from all five of the newly emerging target areas. Two of these zones, Don Pedro and Los Vientos, have never been drill tested. All five zones have been mapped in detail and exploratory drill holes have been planned to test the targets in 2008.

Soil Sampling:

In 2007, two campaigns of soil sampling were carried out, one in May and a second in early August. A total of 991 soil samples were collected, expanding the soil sample coverage for the project approximately 1.5 x 3.0 kilometers to the northwest end of the project, and 1.2 x 4.0 kilometers to the southeast end of the project from previous soil sampling. The Company plans to further expand the soil sampling grid in 2008.

Geological Mapping and Prospecting:

A program of 1:2000 geological mapping was ongoing through the year, concentrating on the main areas of known mineralization.

A limited amount of surface prospecting and sampling was also carried out in 2007. A total of 57 samples were collected from areas to the north and south of the property.

Red Mountain Gold Property, Yukon Territory

Acero-Martin has 75% interest in 52 contiguous mineral claims located in the Yukon Territory, Canada collectively known as the Red Mountain Property.

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Red Mountain is located within the Tintina Gold Belt which is well known for the many low grade bulk tonnage and high grade gold deposits it hosts. Altogether the Tintina Belt contains over half of the current gold resources of Alaska and the Yukon. Examples of large mines within the belt include: Pogo – 5.8M oz; Dublin Gulch – 4.1M oz; Donlin Creek – 23M oz; Fort Knox – 5.4M oz; True North – 0.79M oz; and Brewery Creek – 0.85M oz.

The Company's last drilling and exploration program at Red Mountain was completed in 2005 on the Ice Claims. The main focus of the 2005 program was to expand the mineralization on the Midway zone along the Jethro Structure. Eight HQ core drill holes, totaling 1513.63 metres (4965.97 feet) were completed and over 1200 samples were submitted for analyses at Eco-Tech Laboratories of Kamloops, B.C. Highlights included 104.91 metres grading 1.07 g/t Au within hole DD05-20, and 63.57 metres grading 1.13 g/t Au in hole DD05-21.

La Mamita Property, northern Peru

La Mamita is located in northern Peru in the Ancash mining camp near the 7.1 million ounce Alto Chicama gold deposit. La Mamita consists of a single concession and covers an area of 1,000 hectares. Results from a surface sampling program showed highly anomalous gold values ranging from 0.23 to 6.37 g/t gold, and averaged 1.43 g/t gold. Consideration for La Mamita was \$25,000 and 25,000 common shares. La Mamita is a grassroots to early exploration stage project.

Minas Lucho Property, southeastern Peru

The Minas Lucho concessions cover an area of about 1,200 hectares and are located southeast of the Pinaya Project in the Province of San Roman, Peru. The claims cover an extensive zone of alteration, which lies along a trend of structurally controlled zones gold mineralization. Minas Lucho is a grassroots project.

SUMMARY OF OUTSTANDING SHARE DATA

Financings

On March 6th, 2007, the Company announced the closing of a \$5,739,250 brokered private placement for 11,478,500 units. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitled the holder to purchase one additional share at \$0.75 per share for a period of 12 months up to and including March 5th, 2008. The Company paid a total of \$459,140 in cash finders' fees to Union Securities Ltd. and members of its selling group (collectively the "Agents"). The Company also issued Agent's Compensation Options for the purchase of up to 1,147,850 Agent's Compensation Units to the Agents. Each Agent's Compensation Option entitled the holder to purchase one Agent's Compensation Unit at a price of \$0.50 per unit. Each Agent's Compensation Unit consisted of one share and one warrant exercisable at a price of \$0.75 per share for a one year period up to and including March 5th, 2008. The placement received regulatory approval.

On March 19th, 2007, the Company announced the closing of a \$1,342,500 non-brokered private placement for 2,685,000 units. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitled the holder to purchase one additional share at \$0.75 per share for a period of 12 months up to and including March 16th, 2008. The Company paid a total of \$51,040 in cash finders' fees. The placement received regulatory approval.

On November 30th, 2007, the Company announced the closing of a \$2,344,375 non-brokered private placement for 6,698,185 units. Each unit consisted of one common share of the Company and one half of a share purchase warrant. Each whole warrant entitled the holder to purchase one additional share of the Company at a price of \$0.50 per warrant share for a one year period from the date of issue. The Company paid a total of \$127,826.50 in cash finders' fees. The placement received regulatory approval.

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Stock Options

As at December 31, 2007, there were 3,475,000 outstanding stock options exercisable at prices from \$0.50 to \$0.95 for up to 2012.

Warrants

As at December 31, 2007, the following warrants were outstanding:

Number of Warrants	Exercise price	Expiry date
11,478,500	\$0.75	March 05, 2008
2,685,000	\$0.75	March 16, 2008
3,349,091	\$0.50	November 30, 2008

SELECTED FINANCIAL INFORMATION

For the years ended December 31, 2007, 2006 and 2005 (\$)

Audited	2007	2006	2005
Total assets	7,521,310	6,244,550	7,261,851
Total Liabilities	177,346	518,196	291,210
Shareholders equity	7,343,964	5,726,354	6,970,641

Revenues	88,229	27,480	14,926
Major expense items			
Mineral property exploration	5,864,408	2,499,112	
Accounting and audit	81,608	37,625	87,868
Consulting fee	260,820	528,757	63,429
Office, rent and misc.	133,460	119,850	96,346
Legal	174,605	152,391	156,189
Management fees	180,900	253,000	112,000
Public relations	237,770	227,608	29,108
Stock exchange and filing fees	58,098	30,106	17,482
Stock based compensation	620,582	1,102,856	433,125
Transfer agent fees	25,791	23,720	20,738
Net loss	7,946,590	2,633,640	1,396,297
Loss per share	0.14	0.13	0.05

By recent eight Quarters (\$)

	Dec 31, 2007	Sep 30, 2007	June 30, 2007	Mar 31, 2007	Dec 31, 2006	Sep 30, 2006	June 30, 2006	Mar 31, 2006
Total assets	7,521,310	18,810,910	19,462,156	19,230,592	13,193,373	13,227,895	11,077,998	10,470,833
Total liabilities	177,346	377,464	844,557	344,336	518,196	356,414	644,350	315,805
Shareholders equity	7,343,964	18,433,446	18,617,599	18,886,256	12,675,177	12,871,481	10,433,648	10,155,028
Revenues	16,536	32,984	25,359	13,350	7,382	10,652	9,144	302
Major expense items								
Mineral property	5,864,408				2,499,112			

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exploration								
Accounting and audit	68,096	7,512	0	6,000	19,625	6,000	6,000	6,000
Legal	21,560	14,722	38,387	99,936	62,179	(3,560)	78,549	15,223
Management fees	54,000	37,500	46,400	43,000	48,000	46,000	108,000	51,000
Consulting fees	37,960	43	28,115	194,702	14,311	270,388	128,925	96,883
Office, rent and misc.	(117,713)	79,177	91,654	80,342	11,348	28,501	19,162	53,354
Stock-based compensation	527,648	12,028	65,205	15,701	6,228	820,528	37,300	238,800
Stock exchange and filing fees	14,846	0	5,206	38,046	550	1,206	4,745	23,605
Transfer agent fees	3,681	3,626	14,797	3,687	3,988	5,307	9,777	4,648
Net loss	6,892,156	196,180	333,862	524,392	2,701,645	1,352,193	529,235	549,679
Loss per share	0.13	0.01	0.01	0.01	0.07	0.03	0.01	0.02

SUMMARY OF QUARTERLY RESULTS

For the quarter ended December 31, 2007, the Company had revenues of \$16,536 compared to \$7,382 for the same period last year. Net loss decreased by \$6,743,511 to \$6,946,044 due largely to mineral property exploration and stock-based compensation as compared to the same period last year.

Year to date, the Company had revenues of \$71,693 compared to \$20,098 for the same period last year. Net loss improved by \$1,376,673 to \$1,054,434 due largely to a decrease in Consulting fees and Stock-based compensation.

OPERATIONS – YEAR TO DATE

For the year ended December 31, 2007, the Company had revenues of \$88,229 compared to \$27,480 for the same period last year. Operating expenses before stock based compensation have increased by \$3,322,520 from the prior year due to an increased level of exploration activities. Net loss for the year ended December 31, 2007 was \$8,000,478 compared to \$5,160,232.

Major administrative expenditures for the year ended December 31, 2007 were:

	\$
Mineral property exploration	5,864,408
Stock-based compensation	620,582
Consulting fee	260,820
Printing and shareholders' information	237,770
Management fees	180,900
Legal	174,605
Wages	146,127
Travel and business development	121,774

SUBSEQUENT EVENTS

Management Changes:

On February 6th, 2008, the Company announced that Mr. Victor L. McCall and Mr. Don Currie were appointed to the Company's Board of Directors.

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Mr. Victor L. McCall, B.B.A., J.D. is the founder and owner of the McCall Law Firm, P.C., a Fort Worth, Texas based legal practice that specializes in mergers and acquisitions. Mr. McCall holds a Bachelor of Business Administration degree from Southern Methodist University (Dallas, Texas) and obtained his Juris Doctor from the Baylor School of Law (Waco, Texas). Currently, Mr. McCall is an active member of the Texas State Bar. Prior to founding his legal practice, Mr. McCall was a partner of Buchholz & McCall, P.C. where he was responsible for litigation of tort and commercial cases, including class actions, negligence, and business disputes. Mr. McCall's extensive legal, corporate and commercial business experience will be an asset to the board.

Mr. Don Currie has more than a decade of experience in raising capital and marketing resource exploration companies. This includes particular expertise with private and public early stage growth companies where he boasts strong connections with money managers, analysts, investment bankers, and retail stockbrokers. In the past, Mr. Currie has consulted for companies in the metals and minerals and oil and gas sectors and has assisted companies with marketing campaigns, management issues, strategic planning and corporate finance. Known for his strong communication skills, Mr. Currie's network of contacts within the financial community and the resource media extends across North America and Europe.

To make room on the Board for Mr. McCall and Mr. Currie, Mr. Greg Hall and Dr. David Stone agreed to step down as members of the Board.

On April 10th, 2008, the Company announced the appointment of Dr. Stewart Jackson, P. Geol. as President and CEO. Dr. Jackson is an accomplished mining professional with 49 years of experience in the exploration and development mineral deposits and the management of public companies. He has been responsible for the discovery and development of several major mineral discoveries, including the multi-billion dollar Red Dog zinc deposit in northwestern Alaska. Today Red Dog, operated by Teck Cominco Limited, is the world's largest producer of zinc and a significant source of lead. The mine accounts for over 10% of the world's zinc production.

After the discovery of Red Dog, Dr. Jackson was involved in the discovery and development of the Borealis, South McCoy, and Manhattan gold deposits in Nevada for Houston Oil and Minerals Corporation where he held the position of Manager of Minerals Exploration. Later in his career, in 1981, Stewart founded Crown Resource Corp. and acted as its President until 1987. At Crown, Dr. Jackson helped lead a team that discovered more than 4.5 million ounces of gold in several deposits in Washington State, USA. In 2003, Crown was acquired by Kinross Gold Corporation primarily for its Buckhorn Mountain gold deposit in north central Washington. Since 1987, Stewart has been an independent consulting geologist for several private and public companies.

Dr. Jackson has authored and co-authored numerous geologic publications and received the Barlow Medal of the Canadian Institute of Mining and Metallurgy for a paper he co-authored in 1968. Stewart holds a Bachelor of Science degree in geology from the University of Western Ontario, a Master of Science degree in Stratigraphy and Mineral Deposits from the University of Toronto, and a Ph.D. in Stratigraphy and Economic Geology from the University of Alberta.

Outgoing President and CEO Mr. Don Currie will remain with the Company as a member of the Board of Directors.

On April 17th, 2008, Acero-Martin announced that the Company has hired Mr. John Romero as Chief Geologist for its Pinaya project in southern Peru. Mr. Romero is an accomplished geological engineer with over 15 years experience and a successful track record of advancing key mineral projects in Peru. Concurrent with Mr. Romero's appointment as Chief Geologist, Mr. Cary Pothorin has stepped down as Vice President of Exploration.

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Financing:

On February 28th, 2008, the Company announced that it intends to complete a non-brokered private placement to raise up to \$1.5 million dollars by the issuance of up to 6,000,000 units priced at \$0.25 per unit. Each unit will consist of one common share of the Company and one share purchase warrant. Each warrant will entitle the investor to purchase one share of the Company for a period of 24 months after the closing date at a price of \$0.35 per share for the first 12 months and at a price of \$0.50 per share for the next 12 months thereafter. **On April 2nd, 2008**, the Company announced that it had closed the first tranche of its non-brokered private placement, issuing a total of 3,554,000 units for gross proceeds of \$888,500. The Company paid cash finders' fees in the amount of \$71,400. The closing of a subsequent tranche is anticipated to follow. The Company also announced that that it received acceptance by the TSX Venture Exchange to re-price 3,349,091 warrants, which expire on December 1st, 2008, from \$0.50 to \$0.35. The warrants were issued on November 30th, 2007 as part of a non-brokered private placement.

2008 Exploration Program:

On March 3rd, 2008, the Company announced that it commenced its 2008 drilling program on the Pinaya Project. The first phase of the program is underway and will consist of approximately 6,000 meters of diamond drilling, with over 25,000 meters currently planned for the year. One rig is currently turning on the property.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was \$986,376 as at December 31, 2007. The Company has sufficient funds to meet its current commitments, but may raise further funds through additional share issuances in the future.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007, the Company incurred management fees of \$180,900 (2006: \$253,000) with directors and companies owned by directors.

During the year ended December 31, 2007, the Company incurred exploration expenditures and geological consulting fees of \$169,291 with companies owned by directors.

During the year ended December 31, 2007, the Company incurred consulting fees of \$195,363 with officers of the Company.

OFF- BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company did not have significant revenues in its last three financial years.

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DISCLOSURE CONTROLS AND PROCEDURES

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at December 31, 2007. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are effective in ensuring that information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

BOARD OF DIRECTORS

Michael Scholz
Jody Dahrouge
Donald Gee
Don Currie
Victor L. McCall

OFFICERS

President and CEO – Dr. Stewart Jackson
Chairman of the Board - Michael Scholz
Chief Operating Officer – Ralph Stricklen
Chief Financial Officer – Wan Jung
Corporate Secretary – Des Balakrishnan