



MANAGEMENT DISCUSSION AND ANALYSIS

For the Quarter ended September 30, 2007

Dated November 29, 2007

ACERO-MARTIN EXPLORATION INC.

Management Discussion & Analysis
For the Quarter Ended September 30, 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 November 29, 2007 and should be read in conjunction with the unaudited interim financial statements and notes for the period ended September 30, 2007.

The interim unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable in Canada. References to dollars (\$) in this MD&A and the interim unaudited 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 November 29, 2007.

DESCRIPTION OF BUSINESS

Acero-Martin Exploration Inc. is a Canadian based, international mineral exploration and development Company with projects in North and South America. The Company is currently focused on developing its flagship Pinaya gold-copper project in southern Peru. The Company also maintains a 75% interest in the Red Mountain gold property in the Yukon and 100% interest in two early stage gold projects in Peru: 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 Gold-Copper Property, southeastern Peru

Ownership:

The Pinaya gold-copper property is located in southern Peru approximately 110 km (68 miles) northeast of the city of Arequipa. The property consists of twenty-five mineral claims covering approximately 16,900 hectares. Through various agreements and direct application with the Peruvian Ministry of Mines, Acero-Martin has acquired 100% outright ownership of the claims with no underlying royalties or back-in interests on any of the concessions.

Canper Explorations S.A.C ("Canper") originally held rights to thirteen of the twenty-five mineral concessions. Acero-Martin acquired Canper in April 2004 for a total of three million shares over a three year period. To acquire all the outstanding shares of Canper, the Company agreed to issue:

1 million common shares of the Company within 7 days of TSX-V Exchange approval; **(shares have been issued)**

500,000 common shares of the Company 6 months from the Approval Date; **(shares have been issued)**

500,000 common shares of the Company 12 months from the Approval Date; **(shares have been issued)**

500,000 common shares of the Company 24 months from the Approval Date; **(shares have been issued)**

500,000 common shares of the Company 36 months from the Approval Date; **(shares have been issued)**

An additional 1 million shares of the Company may be issued as follows:

- a) If a probable reserve of 750,000 ounces of gold is outlined at Pinaya, then 500,000 shares will be issued; and

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- b) If a probable reserve of 2,500,000 ounces of gold is outlined at Pinaya, then a further 500,000 shares will be issued.

The TSX Venture Exchange approved the acquisition of the Pinaya Project on November 2, 2004.

Compañía Minera Aurífera Los Andes de Pinaya S.A.C (“COMAPI”) originally owned three of the twenty-five mineral concessions. Acero-Martin recently completed a property option agreement with COMAPI to earn 100 percent interest in these three concessions by paying COMAPI US\$2,500,000 over a three-year period. The Company has paid US\$2,500,000 to COMAPI and now owns 100% of the aforementioned three concessions. All mineral concessions comprising the Pinaya Property are 100% owned by the Company.

One of the mineral concessions, Don Pedro, was originally owned by Minera Pinaya. To earn 100 percent interest in the Don Pedro concession, Acero-Martin had to make staged payments to Minera Pinaya totalling US\$250,000 over three years. The payments have been made ahead of schedule and the concession is now owned 100% by Acero-Martin.

All of the other concessions are wholly owned by Acero-Martin.

Update on the Pinaya Project:

During the current quarter, on July 9th, 2007, the Company announced that soil sampling had outlined two new large gold-copper anomalies adjacent and contiguous to the deposit defined in 2006. A follow-up program of trenching and geological mapping will be implemented to define drill targets in the new extension areas.

On July 20th, 2007, the Company announced that three new widely spaced drill holes from the North Western Porphyry Zone all intersected long intervals of significant porphyry gold-copper mineralization. The results included:

- **1.24% copper and 0.12 grams per tonne gold over 27.25 meters** and a separate zone of **0.74% copper and 0.12 grams per tonne gold over 89.50 meters** in drill hole PDH-116.
- **0.47 grams per tonne gold and 0.34% copper over 33.50 meters** and a separate zone of **0.36 grams per tonne gold and 0.35% copper over 158.50 meters** in drill hole PDH-110.

On August 9th, 2007, the Company reported that five new drill holes from the Gold Oxide Skarn Zone all intersected significant gold-copper mineralization. The results included:

- **2.15 grams per tonne gold over 6.00 meters** and a separate zone of **0.61% copper over 67.00 meters** in drill hole PDH-115.
- **0.46 grams per tonne gold and 0.25% copper over 31.50 meters** in drill hole PDH-117.

The new results extended the strike length of the Gold Oxide Skarn Zone approximately 150 meters to the northwest and confirmed that the deposit has significant tonnage expansion potential. The Gold Oxide Skarn Zone has now been confirmed to be mineralized over a strike length of 750 meters and is wide open for expansion in both directions.

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On August 21st, 2007 the Company announced the results of nine additional drill holes from the Gold Oxide Skarn Zone and North Western Porphyry Zone. Highlights included:

- **0.75% copper over 68.50 meters** in drill hole PDH-119
- **1.73 grams per tonne gold over 4.50 meters** and a separate zone of **0.41% copper over 30.80 meters** in drill hole PDH-123
- **0.57 grams per tonne gold and 0.25% copper over 26.00 meters** in drill hole PDH-126

On September 12th, 2007 the Company reported that eight new drill holes from the Gold Oxide Skarn Zone, Western Porphyry Zone, and North Western Porphyry Zone all returned wide intervals of significant gold-copper mineralization. In particular:

At the Gold Oxide Skarn Zone:

- Starting near surface, PDH-128 intersected **2.00 grams per tonne gold over 67.50 metres** including **4.90 grams per tonne gold over 25.00 metres**.
- Also starting near surface, PDH-129 intersected **3.07 grams per tonne gold over 23.70 metres**.

At the North Western Porphyry Zone:

- PDH-132, located 50 metres southeast of the 2006 Pinaya resource boundary, intersected **0.95% copper over 21.00 metres** and a separate zone of **0.32 grams per tonne gold and 0.31% copper over 106.80 metres**.
- PDH-127, located 150 metres northeast of the 2006 Pinaya resource boundary, intersected **0.71% copper and 0.41 grams per tonne gold over 9.00 metres** and a separate high grade gold zone grading **3.82 grams per tonne gold over 2.00 metres**.

At the Western Porphyry Zone:

- PDH-133, located 50 metres southeast of the 2006 Pinaya resource boundary, intersected **0.53% copper and 0.26 grams per tonne gold over 40.40 metres**.
- PDH-134, located on the eastern edge of the 2006 Pinaya resource boundary, intersected **0.84 grams per tonne gold and 0.59% copper over 40.00 metres** and a separate zone of **0.70 grams per tonne gold and 0.50% copper over 23.50 metres**.

Full details on the all of the drill results noted above are available on www.acero-martin.com.

Altogether, up the end of the current quarter (September 30, 2007), Acero-Martin had completed a total of 138 drill holes for 36,600 meters of drilling at Pinaya. In September of 2006, based on just the first 70 of these holes the Company released an initial NI 41-101 compliant mineral resource estimate as prepared by J.D. Blanchflower, P. Geo. Using a US\$5.50 Gross Metal Value (GMV) cut off, the report estimated that the Western Porphyry and Gold Oxide Skarn Zones together contain 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 pounds of copper in the Indicated category, and 168,000 troy ounces of gold and 115,000,000 pounds of copper in the Inferred.

Drilling has been non-stop since the release of the initial resource estimate, with the bulk of the Company's efforts focused on expanding the North Western Porphyry and Gold Oxide Skarn Zone resource areas.

On September 25th, 2007 the Company reported that regional exploration had discovered a new copper zone at located approximately ten kilometres to the southeast of the current resource area. This new zone,

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known as Saitocco, has never been drilled and returned surface rock grades of up to 1.99% copper. Initial reconnaissance work at the zone indicates the presence of two intrusive bodies of intermediate composition with strong intermediate argillic alteration. There is common malachite and chrysocolla staining along with copper oxides in the intrusives, mostly controlled by northeast and west-northwest trending fracture zones. The Company plans to continue to sample and map the Saitocco zone in order to develop targets for drilling.

Subsequent to the current quarter, on November 1st, 2007 the Company announced that eight new drill holes from the North Western Porphyry Zone, Gold Oxide Skarn Zone, Viscachani Zone, and Minas Jorge Zone all returned significant intervals of gold-copper mineralization. In particular:

At the North Western Porphyry Zone:

- PDH-135, located 100 meters northeast of the 2006 Pinaya resource boundary, intersected **0.94 grams per tonne gold and 0.21% copper over 38.90 meters.**
- PDH-136, located 200 meters northeast of the 2006 Pinaya resource boundary, intersected **1.19% copper and 0.05 grams per tonne gold over 12.50 meters.**
- PDH-142, located 200 meters northeast of the 2006 Pinaya resource boundary, returned **0.80% copper and 0.04 grams per tonne gold over 38.50 meters.**

At the Minas Jorge and Viscachani Zones:

- Starting near surface, PDH-137 at the Viscachani Zone intersected **1.16 grams per tonne gold over 19.50 meters.**
- PDH-138, located 300 meters south of PDH-137 in the Viscachani Zone, intersected high grade cores of **12.14 grams per tonne gold over 1.50 meters** and **3.12 grams per tonne gold over 1.40 meters.**
- PDH-140, drilled at the Minas Jorge Zone returned a high grade core of **1.19 grams per tonne gold over 3.80 meters.**

The holes at the North Western Porphyry and Gold Oxide Skarn Zones were drilled to expand the deposits and to upgrade resource classification levels; while the holes at Viscachani and Minas Jorge were exploratory, testing new zones located apart from the 2006 resource area. Full details on the drill results are available on www.aceromartin.com.

Minefill Services, Vancouver has been engaged to conduct a Preliminary Economic Assessment (“PEA”) study. The PEA is in the final phases and is expected to be released shortly. To date the Company has drilled approximately 41,000 meters in diamond core holes. An aggressive exploration program to expand existing resources is continuing. The Company has made significant progress toward an initial gold production plant and has engaged consultants for mine and tailings planning, environmental baseline studies and social capital.

Red Mountain Gold Property

The Company has 84% interest in 52 mineral property claims located in the Yukon Territory Canada, known as the Red Mountain Property. As part of the acquisition of the Red Mountain Property, the Company agreed to spend \$1.5 million on the property within 30 months from the date of the acquisition. To date, the Company has spent in excess of \$2.4 million on the property (before Yukon tax credits of approximately \$500,000) and has met the exploration expenditure requirements under the Option Agreement. The vendor retains a 2% NSR of which 1% may be purchased from the vendor for \$1 million.

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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 (U.S.) (paid) and 25,000 common shares (issued). 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.

Corporate Update

During the current quarter, on October 10th, 2007, the Company announced that it made significant changes to its Board of Directors and senior Management.

These changes include the following appointments;

- Don Currie, as President and CEO
- Michael Scholz, *B.Com. LL.B* as Chairman
- Ralph Stricklen, *B.S.Met* as Chief Operating Officer

The Board of Directors accepted the resignations of Donald Gee as President and CEO and Len De Melt as Chairman and Director.

On October 22nd, 2007 the Company announced that the Board of Directors, as of October 19, 2007, granted a total of 500,000 incentive stock options to Don Currie, President and CEO and Ralph Stricklen, COO. The stock options are exercisable at \$0.30 per share and will expire in 2012.

SUMMARY OF OUTSTANDING SHARE DATA

Stock Options

As at September 30, 2007, there were 3,757,500 outstanding stock options exercisable at prices from \$0.50 to \$0.95 for up to 2012.

Warrants

As at September 30, 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

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SELECTED FINANCIAL INFORMATION

For the years ended December 31, 2006, 2005 and 2004 (\$)

Audited	2006	2005	2004
Total assets	13,193,373	7,261,851	6,069,476
Total Liabilities	518,196	291,210	205,458
Shareholders equity	12,675,177	6,970,641	5,864,018

Revenues	27,480	14,926	3,126
Major expense items			
Accounting and audit	37,625	87,868	27,423
Consulting fees	510,507	63,429	26,270
Office, rent and misc.	119,850	96,346	87,587
Legal	152,391	156,189	159,434
Management fees	253,000	112,000	11,000
Public relations	227,608	29,108	24,000
Stock exchange and filing fees	30,106	17,482	14,636
Stock based compensation	1,102,856	433,125	1,393,000
Transfer agent fees	23,720	20,738	23,290
Net loss	2,633,640	1,396,297	1,901,015
Loss per share	0.07	0.05	0.09

By recent eight Quarters (\$)

	Sep 30, 2007	June 30, 2007	Mar 31, 2007	Dec 31, 2006	Sep 30, 2006	June 30, 2006	Mar 31, 2006	Dec 31, 2005
Total assets	18,810,910	19,462,156	19,230,592	13,193,373	13,227,895	11,077,998	10,470,833	7,261,851
Total liabilities	377,464	844,557	344,336	518,196	356,414	644,350	315,805	291,210
Shareholders equity	18,433,446	18,617,599	18,886,256	12,675,177	12,871,481	10,433,648	10,155,028	6,970,641
Revenues	32,984	25,359	13,350	7,382	10,652	9,144	302	963
Major expense items								
Accounting and audit	7,512	0	6,000	19,625	6,000	6,000	6,000	81,426
Legal	14,722	38,387	99,936	62,179	(3,560)	78,549	15,223	(159,802)
Management fees	37,500	46,400	43,000	48,000	46,000	108,000	51,000	30,000
Consulting fees	43	28,115	194,702	14,311	270,388	128,925	96,883	27,829
Office, rent and misc.	79,177	91,654	80,342	11,348	28,501	19,162	53,354	43,258
Stock-based compensation	12,028	65,205	15,701	6,228	820,528	37,300	238,800	433,125
Stock exchange and filing fees	0	5,206	38,046	550	1,206	4,745	23,605	4,386
Transfer agent fees	3,626	14,797	3,687	3,988	5,307	9,777	4,648	2,319
Net loss	196,180	333,862	524,392	202,533	1,352,193	529,235	549,679	625,554
Loss per share	0.01	0.01	0.01	0.01	0.03	0.01	0.02	0.05

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SUMMARY OF QUARTERLY RESULTS

For the quarter ended September 30, 2007, the Company had revenues of \$32,984 compared to \$10,652 for the same period last year. Net loss improved by \$1,156,013 to \$196,180 due largely to a decrease in Consulting fees 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was \$646,150 as at September 30, 2007. The Company will be raising additional funds to meet its ongoing commitments.

RELATED PARTY TRANSACTIONS

For the nine month period ended September 30, 2007, the Company incurred management fees of \$126,900 for two Directors and one Officer. The management fees were incurred in the normal course of business.

SUBSEQUENT EVENTS

On October 12th, 2007 the Company announced that it intends to complete a non-brokered private placement, subject to regulatory approval, to raise up to \$2 million by the issuance of up to 5,714,285 Units priced at \$0.35 per Unit.

Each Unit will consist of one share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire an additional share at a price of \$0.50 for a period of one year from the date of issue.

The proceeds of the offerings will be used for the continued exploration and development of the Pinaya gold-copper project in southern Peru and for general working capital purposes. The private placement is subject to approval of the TSX Venture Exchange and finders' fees may be paid in accordance with regulatory policy.

On November 23rd, 2007 the Company announced that in response to strong interest in the Company it is increasing the size of its previously announced non-brokered financing by an additional 1,083,900 Units at \$0.35 for additional gross proceeds of \$379,365. In total, the Company will issue up to 6,798,185 Units at \$0.35 for gross proceeds of \$2,379,365.

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 September 30, 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.

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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.

BOARD OF DIRECTORS

Michael Scholz
Greg Hall
David Stone
Jody Dahrouge
Donald Gee
Don Currie

OFFICERS

President and CEO – Don Currie
Chairman of the Board - Michael Scholz
VP Exploration – Cary Pothorin
Chief Operating Officer – Ralph Stricklen
Chief Financial Officer – Wan Jung
Corporate Secretary – Des Balakrishnan