



MANAGEMENT DISCUSSION AND ANALYSIS

For the Quarter ended March 31, 2008

Dated June 2nd, 2008

ACERO-MARTIN EXPLORATION INC.

Management Discussion & Analysis
For the Quarter Ended March 31, 2008

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 June 2nd, 2008 and should be read in conjunction with the unaudited interim financial statements and notes for the period ended March 31, 2008.

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 to 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 June 2nd, 2008.

DESCRIPTION OF BUSINESS

ACERO-MARTIN EXPLORATION INC. is a publicly held resource 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: 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

Acero-Martin currently has interests in certain resource properties as follows:

a) Pinaya Project, Peru

The Pinaya Copper-Gold Project is located in southern Peru approximately 775 kilometers southeast of Lima, the capital of Peru, and 110 kilometers north-northeast of Arequipa, the second largest city in Peru. The property consists of twenty-nine mineral concessions covering approximately 14,500 hectares. Acero-Martin holds a 100% interest in the concessions through its wholly owned Peruvian subsidiary Canper Explorations S.A.C ("Canper").

Canper originally held the rights to thirteen of the twenty-nine mineral concessions that make up the project. In April of 2004, Acero-Martin acquired Canper for a total of three million shares over a three year period.

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
- 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.

Compañía Minera Aurífera Los Andes de Pinaya S.A.C ("COMAPI") originally owned three of the twenty-nine mineral concessions. Acero-Martin completed a property option agreement with COMAPI to earn 100% interest in these concessions by paying COMAPI US\$2,500,000 over a three-year period.

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One of the mineral concessions, Don Pedro 2000, was originally owned by Minera Pinaya. To earn a 100% interest in the concession, Acero-Martin had to make staged payments to Minera Pinaya totalling US\$250,000 over three years.

All of the other concessions were acquired by direct application to the Peruvian Ministry of Mines

b) Red Mountain Project, Yukon Territory Canada

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

c) La Mamita Property, Peru

La Mamita is located in northern Peru in the Ancash mining camp near the multi-million ounce Alto Chicama gold deposit (Barrick Gold). Acero-Martin has 100% interest in the project which consists of a single concession and covers an area of about 1,000 hectares. Results from a recent surface sampling program showed highly anomalous gold values ranging from 0.23 to 6.37 g/t gold, and averaging 1.43 g/t gold. La Mamita is a grassroots to early exploration stage project with evaluation continuing.

d) Minas Lucho Property, Peru

Acero-Martin has 100% interest in the Minas Lucho Project which consists of four mineral concessions which cover an area of about 2,400 hectares. The project is located southeast of the Pinaya Project on the Andahuaylas-Yauri metallogenic belt. The claim covers an extensive zone of alteration, which lies along a trend of structurally controlled zones of gold mineralization. Minas Lucho is a grassroots project being evaluated for further exploration.

CORPORATE DEVELOPMENTS

This reporting period, the Company announced the appointment of Dr. Stewart Jackson, P.Geol. as President and Chief Executive Officer and Mr. Victor L. McCall, B.B.A J.D. to the Board of Directors. Mr. Don Currie, outgoing President and CEO, will remain with the Company as a member of the Board of Directors.

Dr. Stewart Jackson is an accomplished mining professional with 49 years of experience in the exploration and development of mineral deposits and in the management of public companies. He has been involved in multiple mineral discoveries and evaluations.

Most recently he has been involved in the acquisition and delineation of a major uranium, molybdenum, nickel and vanadium resource in Sweden on properties held by Continental Precious Minerals Inc. These properties contain a significant uranium resource exceeding 440 million pounds of uranium oxide (U₃O₈), over 7 billion pounds of vanadium (V₂O₈), over 900 million pounds of molybdenum (MoO₃) and over 800 million pounds of nickel (Ni), with drilling continuing to expand the resource.

Prior to that he was instrumental in the advancement of the Turnagain nickel sulphide deposit of northern British Columbia, Canada, held by Hard Creek Nickel Corporation, from a prospect to the billion tonne resource category.

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While involved with his initial public company, Crown Resource Corporation in the 1980's, multiple discoveries of gold were made in Washington State, USA; totalling to date in the order of 4.5 million ounces; continuing to be produced by Kinross Gold Corporation.

In the 1970's he recognized the potential of the enormous Red Dog zinc-lead deposits in western Alaska, and was instrumental in their exploration and development by Cominco American Incorporated (now Teck-Cominco). Red Dog today produces over 10% of the world production of zinc from this long-lived zinc resource field.

Subsequently, he was Exploration Manager for Houston Oil and Minerals Corporation during the discovery and development of the Manhattan, South McCoy and Borealis gold deposits of Nevada, USA.

Dr. Jackson has authored and co-authored a number of scientific publications, is a member of several scientific and professional organizations, and holds a Professional Geologist (P. Geol.) Registration in the Province of Alberta, Canada. He 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.

Mr. Victor L. McCall is the founder of the McCall Law Firm, P.C., a Fort Worth, Texas based legal practice that specializes in mergers and acquisitions. He 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.

The addition of Dr. Stewart Jackson and Mr. Victor McCall has further strengthened the Company's Senior Management Team and Board of Directors.

The Company also announced, this reporting period, the appointment of **Mr. John Romero** as Chief Geologist for its Pinaya Project. Mr. Romero is an accomplished geological engineer with over 15 years experience and a successful track record of advancing key mineral projects in Peru

Most recently, Mr. Romero was the Project Manager at Silver Standard Resources' San Luis project in central Peru where he was responsible for guiding the exploration program, evaluating and interpreting geologic data, and coordinating community relations efforts. Under Mr. Romero's leadership an initial NI 43-101 compliant resource estimate was produced for the project and the deposit was advanced towards feasibility.

Prior to joining Silver Standard, Mr. Romero was Senior Geologist at the Toromocho project for Peru Copper Inc. During his four year tenure at Toromocho, John oversaw more than 130,000 meters of drilling and helped contribute to the understanding, definition, and expansion of the deposits at the project. In 2007, the Aluminum Corporation of China announced a friendly take-over bid to acquire Peru Copper.

Mr. Romero's background also includes positions at a number of other senior mining companies with operations in Peru, including six years with Anglo American Exploration Peru S.A. Concurrent with Mr. Romero's appointment as Chief Geologist, Mr. Cary Pothorin stepped down as Vice President of Exploration.

EXPLORATION UPDATE

This quarter, the Company commenced its 2008 diamond drilling program at the Pinaya Project. The first phase of the program is underway and will consist of approximately 6,000 meters of diamond drilling.

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As of the date of this report, nine new holes have been completed. All of the holes were drilled at the North Western Porphyry Zone as large step-out holes in an effort to continue to expand the project's overall resource base. Drilling results will be reported throughout the year as soon as the analytical data is received, validated and compiled

SUMMARY OF OUTSTANDING SHARE DATA

Shares Outstanding:

The total number of common shares outstanding as of March 31, 2008 was 63,936,564.

Warrants:

As at March 31, 2008, the following warrants were outstanding:

Number of Warrants	Exercise price	Expiry date
3,349,091	\$0.35	November 30, 2008

Stock Options:

As at March 31, 2008, there were 5,475,000 outstanding stock options exercisable at prices from \$0.30 to \$0.95 for up to 2012.

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	0.02	0.13	0.05

By recent eight Quarters (\$)

	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	June 30, 2007	Mar 31, 2007	Dec 31, 2006	Sep 30, 2006	June 30, 2006
Total assets	6,637,672	7,521,310	18,810,910	19,462,156	19,230,592	13,193,373	13,227,895	11,077,998
Total liabilities	403,328	177,346	377,464	844,557	344,336	518,196	356,414	644,350

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Shareholders equity	6,234,344	7,343,964	18,433,446	18,617,599	18,886,256	12,675,177	12,871,481	10,433,648
Revenues	2,629	16,536	32,984	25,359	13,350	7,382	10,652	9,144
Major expense items								
Mineral property exploration	628,423	5,864,408			646,731	2,499,112		
Accounting and audit	5,683	68,096	7,512	0	6,000	19,625	6,000	6,000
Legal	44,236	21,560	14,722	38,387	99,936	62,179	(3,560)	78,549
Management fees	52,000	54,000	37,500	46,400	43,000	48,000	46,000	108,000
Consulting fees	25,229	37,960	43	28,115	194,702	14,311	270,388	128,925
Office, rent and misc.	26,045	(117,713)	79,177	91,654	80,342	11,348	28,501	19,162
Stock-based compensation	507,704	527,648	12,028	65,205	15,701	6,228	820,528	37,300
Stock exchange and filing fees	11,707	14,846	0	5,206	38,046	550	1,206	4,745
Transfer agent fees	7,440	3,681	3,626	14,797	3,687	3,988	5,307	9,777
Net loss	1,495,520	6,892,156	196,180	333,862	1,171,123	2,701,645	1,352,193	529,235
Loss per share	0.13	0.13	0.01	0.01	0.01	0.07	0.03	0.01

SUMMARY OF QUARTERLY RESULTS

For the quarter ended March 31, 2008, the Company had revenues of \$2,629 compared to \$13,350 for the same period last year. Net loss decreased by \$324,397 to \$1,495,520 due largely to stock-based compensation as compared to the same period last year.

Major administrative expenditures for the year ended March 31, 2008 were:

	\$
Mineral property exploration	628,423
Stock-based compensation	507,704
Management fees	52,000
Legal	44,236
Wages	48,995
Travel and business development	65,548

SUBSEQUENT EVENTS

On April 2nd, 2008, the Company completed the first tranche of its private placement for 3,554,000 units at a price of \$0.25 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder 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. The Company paid a total of \$71,400 in cash finders' fees. The placement received regulatory approval.

The Company received approval from the TSX Venture Exchange to reduce the exercise price of 3,349,091 warrants with expiry date on November 30, 2008 from \$0.50 to \$0.35 per share. These warrants were originally attached to a private placement of 6,698,185 shares issued on November 30, 2007.

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LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was \$(135,482) as at March 31, 2008. 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 period ended March 31, 2008, the Company incurred management fees of \$52,000 (2007: \$43,000) with directors and companies owned by directors officers.

During the period ended March 31, 2008, the Company incurred exploration expenditures and geological consulting fees of \$76,653 (2007: \$10,500) with companies owned by directors.

During the period ended March 31, 2008, the Company incurred consulting fees of \$225 (2007: \$21,350) with officers of the Company.

During the period ended March 31, 2008, the Company incurred legal fees of \$33,027 (2007: \$57,766) with an officer who is principal of a law firm.

All the above expenditures were incurred during the normal course of business.

As of March 31, 2008, accounts payable included \$45,681 owing to officers, directors and companies controlled by common directors and 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.

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

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