

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Note: The information contained herein is current to November 28, 2008.

INTRODUCTION

Sinchao Metals Corp. ("Sinchao" or the "Company") is a Canadian based exploration and development company with a polymetallic project in Peru.

This Management Discussion and Analysis ("MD&A") of the financial position and results of operations is for the three and six month periods ending September 30, 2008 compared with the three and six month periods ending September 30, 2007. It should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the year ended March 31, 2008. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com or at the Company's website, www.sinchaometals.com

DESCRIPTION OF BUSINESS

Sinchao Metals Corp. is a Canadian-based exploration and development company. The Company is a subsidiary of Andean American Mining Corp., ("Andean American") which owns 58% of the outstanding shares. The Company's principal business is the exploration of mineral properties located in Peru. This South American nation has a long tradition of mining and infrastructure to support the mining industry.

The Company is actively exploring its Sinchao property and the current drill program is seeking to define the size of the potential bulk tonnage, open pittable mineralization of the Breccia and Skarn zones.

The Company is registered under the Business Corporation Act of British Columbia and trades on the TSX Venture Exchange under the symbol "SMZ".

OPERATIONS REVIEW

The Sinchao property is located approximately 60 kilometres north of the city of Cajamarca in the district of Hualgayoc in northern Peru. The elevation of the property varies from 3,725 to 4,000 metres above sea level. Access to the property from Cajamarca consists of a paved road to Yanacocha (30km), then a well maintained gravel road currently being paved to Cerro Corona, adjacent to Sinchao. The infrastructure in Cajamarca is adequate and is steadily improving.

Four mineralized systems have been identified on the Sinchao Property: the Skarn Zone, the Breccia Zone, the High Sulphidation Epithermal Zone and the Massive Sulphide Lenses. Initial geological mapping, surface sampling, induced polarization and ground magnetometer surveys were completed in 1996, followed by over 8,000 metres of drilling during 1997 and 1998. Although results were very encouraging, metal prices were at all time lows and exploration was halted. From 1998 to 2005, Andean American, then owner of the Sinchao Property, consolidated its land position and in 2005 acquired 21 hectares contiguous with the existing Sinchao Property to complete its land acquisitions. The Sinchao Property area now totals 1,300 hectares. In September 2006, Andean American Mining Corp. completed the transfer of its wholly owned subsidiary, Corporacion Minera Sinchao, holder of the Sinchao Property, to Sinchao Metals Corp.

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

During 2006 the Sinchao Project was geologically mapped in detail and state of the art 3D Induced Polarization and expanded ground magnetic surveys were completed. The geophysical surveys have successfully identified new targets with signatures that are comparable to known mineralization. Additional mapping and sampling of the high grade zinc skarn mineralization in 2006 comprised sixty-four grab samples over a length of approximately 1,500 metres, which returned average values of 14.27% zinc, 2.4% lead, 1.87 g/t gold, 85.0 g/t silver and 1.40% copper.

Drill hole SDH-26, the first hole of the 2007 drill program at the Skarn Zone, intersected 10.25 metres grading 2.34% copper, 0.81 g/t gold and 26.4 g/t silver within a broader zone of 32.0 metres grading 0.78% copper, 0.30 g/t gold and 11.1 g/t silver. Eight areas returned elevated gold-silver-copper-lead-zinc mineralization over an area of approximately 400 metres by 400 metres.

The 2008 drill program concentrated on the Breccia zone as part of a 9,250 metre program leading to an estimation of Inferred Resources. Highlights of this year's drilling include 170.3 metres grading 0.74% Copper, 1.19 g/t Gold and 7.1 g/t Silver in Hole SDH-46, and a 278.9 metre intersection in Hole SDH-50 grading 0.60% Copper, 0.53 g/t Gold and 18.4 g/t Silver. Copper-Gold-Silver mineralization has now been identified over an area of approximately 700 metres by 600 metres, and to a depth of approximately 450 metres. The mineralization is hosted by breccia and skarn, and remains open in all directions. A NI 43-101 compliant resource estimate of inferred resources was completed October 30, 2008.

Inferred Resource estimates by cut-off:

<u>Cut-Off</u>		<u>Tonnes</u>	<u>Copper</u>	<u>Gold</u>	<u>Silver</u>
Cu %	Au g/t	Millions	%	g/t	g/t
0.13	0.07	416	0.36	0.33	9.2
0.23	0.15	376	0.38	0.36	9.9
0.27	0.24	237	0.47	0.49	12.1
0.39	0.35	155	0.58	0.62	14.2
0.44	0.44	113	0.65	0.72	15.6
0.43	0.55	82	0.74	0.82	17.0
0.48	0.64	64	0.85	0.90	110.3

Examples of Contained Metals:

<u>Tonnes</u>	<u>Copper lbs</u>	<u>Gold ozs</u>	<u>Silver ozs</u>	<u>Eq. Lbs Copper</u>
237	2.45	3.73	92	4.04
Million	Billion	Million	Million	Billion grading 0.77% Copper Eq*
416	3.3	4.4	123	5.71
Million	Billion	Million	Million	Billion grading 0.62% Copper Eq*

*based on US\$1.50/lb copper, US\$600/oz gold and US\$8/oz silver.

Notes:

1. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by the inability to obtain required environmental and other regulatory approval, environmental or operating permits. The estimate may also be materially affected by global economic conditions such as the price of gold and silver, the price of oil and other commodities utilized in the production of gold and silver. Unknown geologic or hydrologic conditions or other unknown factors may materially affect the resource estimates.

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

2. The quantity and grade of reported Inferred Resources in this estimation are conceptual in nature. There has been insufficient exploration to define these Inferred Resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
3. Metallurgical recoveries and net smelter returns have not yet been determined. There has been no metallurgical work done at the Sinchao Property to date.
4. Victor Jaramillo, P. Geo., of Discover Geological Consultants Inc. is an Independent Qualified Person as defined by National Instrument 43-101 and is responsible for the resource estimates.

The Company has designed and is implementing a remediation program in respect of prior and current exploration activities under an agreement with the local communities and has initiated fieldwork. Remediation of pre-existing environmental conditions is an example of one of the benefits coming to the community as a direct result of the application of responsible exploration and mining practices.

OUTLOOK

The exploration program of the Sinchao Property is designed to define the size of the potential bulk tonnage, open pittable mineralization of the Breccia and Skarn Zones. The Company is highly encouraged by the work accomplished to date, in particular, the success of the 2008 drill program which was the basis for an estimation of inferred resources.

Less than 30% of the geological targets on the Sinchao Property have been drill tested. A drill program of approximately 5,000m has been recommended in order to test the extensions of the Breccia Zone to the northwest and the Skarn Zone to the southeast.

The communities have agreed and signed formal agreements to allow the exploration program to proceed. There is an ongoing need to build continuous understanding of all stakeholders' concerns.

SELECTED FINANCIAL INFORMATION

A summary of selected financial information for the last eight quarterly periods is as follows:

	September 30	Three months ended		December 31
	2008	June 30	March 31	2007
		2008	2008	
Earnings and Cash Flow				
Net earnings	\$ (520,919)	\$ (8,670)	\$ (1,406,290)	\$ (584,366)
Cash from (used by) operations	(169,137)	(118,010)	754,701	(1,113,961)
Net income (loss) per share	(0.010)	-	(0.022)	(0.010)
Capital expenditures	1,529,908	1,266,741	1,844,111	634,907
Balance Sheet				
Total assets	\$29,338,427	\$29,737,896	\$29,579,333	\$ 29,252,654

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

	2007	Three months ended		December 31 2006
		June 30 2007	March 31 2007	
Earnings and Cash Flow				
Net earnings	\$ (268,306)	\$ 110,988	\$ (1,027,625)	\$ (139,095)
Cash from (used by) operations	557,644	(207,278)	179,172	(276,298)
Net income (loss) per share	(0.005)	0.002	(0.026)	(0.003)
Capital expenditures	713,514	470,831	664,802	551,911
Balance Sheet				
Total assets	\$23,575,987	\$23,247,011	\$22,786,075	\$ 22,184,878

At September 30, 2008, the Company had working capital of \$102,023. This included an available cash balance of \$ 466,380.

Results of Operations

Three Months Ended September 30, 2008 compared to the Three Months Ended September 30, 2007

For the three months ended September 30, 2008, the Company recorded a net loss of \$520,919 (2007 - net loss of \$268,306) and loss per share of \$0.01 (2007 - \$0.00 net loss per share). The increased net loss in the three months ended September 30, 2008 was due to the increase in administrative and management services, office salaries and sundry, and a foreign exchange loss rather than a foreign exchange gain that was recorded in the comparative quarter.

Six Months Ended September 30, 2008 compared to the Six Months Ended September 30, 2007

For the six months ended September 30, 2008, the Company recorded a net loss of \$529,589 (2007 - net loss of \$207,288) and loss per share of \$0.01 per share (2007 - \$0.00 net loss per share). The increased net loss in the six month period ended September 30, 2008 over the comparable period in the prior year was due to an increase in administrative and management services, office salaries and sundry, professional fees and a significant decrease in the foreign exchange gain.

Administrative and Management Services

Costs incurred for administration and management for the quarters ended September 30, 2008 and 2007 were:

	Three Months Ended	
	September 30 2008	September 30 2007
Services from Andean American:		
Staff	92,648	82,267
Corporate development	22,755	-
Management fees	7,290	-
Accounting and finance	-	-
Office rent, parking, storage	-	-
Regulatory and transfer agent fees	-	-
Travel and accommodation	-	-
	122,693	82,267

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

	September 30 2008	September 30 2007
Services from Andean American:		
Staff	185,880	144,005
Corporate development	22,755	-
Management fees	-	7,155
Accounting and finance	-	7,184
Office rent, parking, storage	-	3,197
Regulatory and transfer agent fees	-	2,372
Travel and accommodation	-	2,553
	208,635	166,466

Income and Resource Taxes

The Company is subject to income taxes in Canada with the statutory income tax rate at 33.34%. The Company's operating subsidiary, Minera Sinchao, is subject to relevant income tax laws applicable in Peru with the statutory income tax rate at 30%.

The Company is subject to assessment by Canadian and Peruvian authorities, which may interpret tax legislation in a manner different from the Company. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise the Company makes provision for such items based on management's best estimate of the final outcome of these matters.

FINANCIAL POSITION AND LIQUIDITY

Operating Cash Flow

Three Months Ended Eptember30, 2008 compared to the Three Months Ended September 30, 2007

Cash provided from (used by) operations in the quarter ended September 30, 2008 was (\$169,137), compared with \$557,664 in the comparative quarter for 2007. The increase in cash flow was mainly due to the increase in related party receivables and an increase in accounts payable and accrued liabilities.

Six Months Ended September 30, 2008 compared to the Six Months Ended September 30, 2007

Cash provided from (used by) operations in the six months ended September 30, 2008 was (\$287,147), compared with \$350,366 in the comparative six months of 2007. The increase in cash flow outflow was mainly due to the reduction in related party receivables and accounts payable and accrued liabilities .

Investing Activities

Three Months Ended September 30, 2008 compared to the Three Months Ended September 30, 2007

Capital expenditures in the quarter ended September 30, 2008 amounted to \$1,529,908 (including \$29,713 on equipment) and for the comparative quarter in 2007 amounted to \$713,514 (including \$1,969 on equipment) mainly relating to deferred exploration costs.

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Six Months Ended September 30, 2008 compared to the Six Months Ended September 30, 2007

Capital expenditures for the six months ended September 30, 2008 amounted to \$2,796,936 (including \$36,224 on equipment) and for the comparative period in 2007 amounted to \$1,184,348 (including \$6,065 on equipment) mainly relating to deferred exploration costs.

Exploration costs:	Three Months Ended September 30	
	2008	2007
Geological and consulting	\$ 94,286	\$ 109,405
Engineering and consulting	-	-
Mapping and plotting	1,348	1,210
Drilling and exploration	783,339	125,936
Mining rights & claims	15,744	9,401
Travel expenses	24,228	27,897
Sampling	1,936	37,428
Camp procurement & expediting	9,506	42,257
Transportation	(1,045)	8,805
Equipment rental	50,974	68,427
Field supplies	19,616	25,959
Site personnel	63,172	22,832
Remediation	5,416	80,222
Community expenses	62,756	6,608
Logistic & administrative support	126,534	77,077
Sales tax	197,345	65,547
Miscellaneous	1,413	2,534
	<u>1,456,568</u>	<u>711,545</u>
Stock-based compensation	43,627	-
	<u>\$1,500,195</u>	<u>\$ 711,545</u>

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Exploration costs:	Six Months Ended September 30	
	2008	2007
Geological and consulting	\$ 143,636	\$ 198,164
Engineering and consulting	-	-
Mapping and plotting	1,429	1,210
Drilling and exploration	1,165,116	216,949
Mining rights & claims	23,281	9,401
Travel expenses	53,777	47,619
Sampling	75,080	40,999
Camp procurement & expediting	92,198	86,094
Transportation	6,413	9,298
Equipment rental	87,904	89,581
Field supplies	53,603	50,183
Site personnel	242,875	40,634
Remediation	7,117	80,222
Community expenses	70,309	15,806
Logistic & administrative support	358,691	203,995
Sales tax	266,017	85,432
Miscellaneous	25,726	2,696
	2,673,172	1,178,283
Stock-based compensation	87,253	49,970
	\$ 2,760,425	\$ 1,228,253

Financing Activities

Three Months Ended September 30, 2008 compared to the Three Months Ended September 30, 2007

During the quarter ended September 30, 2008, the Company did not issue any shares. During the three months ended September 30, 2007, the Company received \$nil in cash from the issue of nil common shares pursuant to the exercise of warrants and \$7,500 from the exercise of 7,500 stock options.

During the six months ended September 30, 2008, the Company did not issue any shares. During the six months ended September 30, 2007 the Company received \$697,500 in cash from the issue of 4,690,000 common shares pursuant to the exercise of warrants and \$15,000 in cash from the issue of 15,000 common shares pursuant to the exercise of 15,000 stock options.

Cash Resources and Liquidity

At September 30, 2008 the Company had a working capital surplus (deficit) of \$102,023 (2007 – (\$650,767)). This included an available cash balance of \$466,380 (2007 - \$15,959). As at the date of this report the net amount due to Andean from the Company is \$31,315.

The Company has instituted severe cost cutting measures to conserve its cash resources. However, should the Company be obliged to seek additional funding under current market conditions then it is likely that existing shareholders would suffer significant dilution.

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Off - Balance Sheet arrangements

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company's financial instruments are comprised of cash and cash equivalents, amounts receivable, amounts receivable from and payable to related parties, GST receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of the Company's cash and cash equivalents, accounts receivable, GST receivable, and accounts payables and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity price risk.

CHANGES IN ACCOUNTING POLICIES

Current Changes in Accounting Policies

On April 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

- (a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional detail by financial asset and liability categories (see Note 11).
- (b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows (see Note 11).
- (c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed (see Note 10). Under this standard, the Company will be required to disclose the following:
 - qualitative information about its objectives, policies and processes for managing capital;
 - summary quantitative data about what it manages as capital;
 - whether during the period it complied with any externally imposed capital requirement to which it is subject; and
 - when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.
- (d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see Note 1).

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Future Changes in Accounting Policies

(a) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(b) Goodwill and Intangible Assets

In February 2008, the AcSB issued Handbook Section 3064, Goodwill and Intangible Assets and amended Section 1000, Financial Statement Concepts clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The standard is effective for fiscal years beginning on or after October 1, 2008 and early adoption is permitted. The adoption of this new section is not expected to have a material impact on the Company's earnings and financial position.

OUTSTANDING SHARE DATA

As at November 28, 2008, there were 70,103,514 issued common shares, 2,940,000 stock options outstanding and exercisable at a price between \$0.15 and \$0.70 per share and 11,750,000 warrants outstanding with an expiration period between June 15, 2009 and December 12, 2009 and with an exercise price between \$0.60 and \$5.00 per share.

RISK AND UNCERTAINTIES

Exploration and Development

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for this stage of exploration and development of such properties, these procedures including confirmation by the government's Mine Registry Offices and National Cadastral Plans do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. The costs and results of the exploration and development programs affect Sinchao Metals' profitability and value. Exploration for minerals involves many risks and may not result in any new economically viable mining operations or yield new reserves. Acquiring title to mineral properties is a detailed and time-consuming process.

Sinchao Metals takes steps to verify and secure legal title to mineral properties in which the Company has or is seeking an interest. Although the Company takes every precaution to ensure that legal title to its properties is properly recorded in the name of Sinchao Metals, there can be no assurance that such title will ultimately be secured on every property. The legal title to our properties depends on the appropriate and consistent application of the laws in the countries in which we operate.

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Capital and Operations

The recoverability of the amounts capitalized in respect of non-producing mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the properties, and upon future profitable production or proceeds from the disposition of the properties. The business of mining involves many operational risks and hazards. Through high operational standards, an emphasis on hiring and training appropriately skilled personnel and operational improvements, Sinchao Metals works to reduce the risks associated with our projects. The Company also maintains adequate insurance to cover normal business risk. The Company also relies on a number of key employees. Sinchao Metals' success depends on attracting and retaining qualified personnel in a competitive labour environment. Further exploration and development of mineral resource properties or acquisitions beyond our current operations may require additional capital. Accordingly, the continuing development of projects will depend on the Company's ability to obtain financing through joint venture projects, debt financing and equity financing or other means. There is no assurance that Sinchao Metals will be successful in obtaining the required financing.

Environment

The Company is in compliance with the material regulations applicable to its exploration activities. Existing and possible future environmental regulations might cause additional expenses, capital expenditures and delays in the operations of the company, the extent of which cannot be predicted. Sinchao Metals' activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. The Company must obtain governmental permits and provide associated financial assurance to carry on certain activities. The Company is also subject to various reclamation-related conditions imposed under federal, state or provincial air, water quality and mine reclamation rules and permits. While Sinchao Metals has budgeted for future capital and operating expenditures to maintain compliance with environmental laws and permits, any future changes to these laws could adversely affect Sinchao Metals' financial condition, liquidity or results of operations.

Laws and Regulations

Sinchao Metals' exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. These laws and regulations are subject to change, which may restrict our ability to operate. The Company draws on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws, and fosters open communication and co-operation with regulatory bodies.

Legal Proceedings

The nature of the business may subject the Company to regulatory investigation, claims, lawsuits and other proceedings in the ordinary course of business. Sinchao Metals cannot predict the outcome of any legal proceedings with certainty.

Currency Fluctuations

Sinchao Metals operates in Canada and Peru. The main transactions in Peru are in US dollars and, to a lesser extent, Peruvian soles. The Company is therefore affected by currency fluctuations among the Canadian dollar, the US dollar and the Peruvian sol.

SINCHAO METALS CORP.
Management's Discussion and Analysis
For the Quarter Ended September 30, 2008

Political Risk

Sinchao Metals conducts operations outside of North America, namely in Peru. These operations are potentially subject to a number of political, economic and other risks that may affect its future operations and financial position.

CAUTION ON FORWARD-LOOKING STATEMENTS

The Management's Discussion and Analysis contains forward-looking statements concerning anticipated developments for Sinchao Metals in future periods. Forward-looking statements often, but not always, contain words such as "believes", "intends", "anticipates", "estimates", "intends", "potential" and similar words or statements that certain conditions or results "may", "should" or "could" happen or occur. These forward-looking statements are found primarily under the heading "Outlook". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or other future events, including forecast production, earnings and cash flows, to be materially different from any future results, performances or achievements or other events expressly or implicitly predicted by such forward-looking statements. Sinchao Metals' forward-looking statements are based on the expectations and opinions of management on the date that the statements are made and Sinchao Metals does not assume any obligation to update forward-looking statements if circumstances change. For the above reasons, investors should not place undue reliance on forward-looking statements.

QUALIFIED PERSON

Mr. Andrew Gourlay, P. Geol., President of Sinchao Metals Corp., is a Qualified Person as defined by National Instrument 43-101 with the ability and authority to verify the authenticity and validity of the technical and scientific data. Mr. Gourlay has verified the technical and scientific data disclosed in this document including sampling, analytical and test data underlying the information.