

UNITED BOLERO DEVELOPMENT CORP.
Management Discussion and Analysis
For The Year Ended December 31, 2006

April 23, 2007

The following discussion and analysis should be read in conjunction with the audited financial statements for the years ended December 31, 2006 and 2005 and related notes included herein. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com. The Company's website can be found at www.unitedbolero.com

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

United Bolero Development Corp. ("United Bolero" or the "Company") is a junior natural resource company focused on the acquisition and exploration of natural resource properties in precious metals, and base metals. United Bolero was incorporated under the British Columbia Company Act on August 13, 1985 and as an extra provincial corporation on February 13, 2004 in the province of Ontario.

The Company is a reporting issuer in British Columbia and Alberta and is listed on the TSX Venture Exchange under the symbol "UNB." The Company became a reporting issuer in Ontario on June 27, 2006.

The Company listed on the Frankfurt Exchange and began trading on October 12, 2005 under the symbol "U7N". The Company felt it was important to be listed in Europe due to their keen understanding of the mining markets, particularly molybdenum.

Prior to 2005, Company had been able to integrate oil and gas exploration into its core operations to become both a mineral and oil and gas exploration company. By the end of 2005, the Company's interests in oil and gas properties had been written down to a nominal amount. United Bolero intends to focus on its core competencies of being a junior mineral exploration and development company.

Our long-term goals for United Bolero include:

- acquiring and developing cash producing assets;
- building and strengthening our core operations in natural resource exploration and development; and
- increasing return on investment for our shareholders.

Overall Performance

During the year ended December 31, 2006 the Company incurred a loss of \$1,481,905 or \$(0.03) per share compared to a loss of \$1,370,199 or \$(0.06) per share in 2005. While this loss is an 8.2% increase over the prior year, the two major contributors to the increase relate to stock based compensation expense and the write off of mineral properties. These increases were partially offset by a future income tax recovery related to the renunciation of flow through shares.

The Company has had significantly more activity during 2006 compared to the same time frame in the preceding year. The Company completed three private placement financings for net proceeds after issue costs of \$3,709,692, staked claims on a new property in Montana, and utilized \$2,570,018 cash for the acquisition and exploration of its properties.

The Company also assessed the properties on which it held options and as a result, chose to terminate its option agreements on the Chong Property and South Baird Property in favour of pursuing an option on the Arcadia Property, an Archean lode-gold deposit in Nunavut Territory.

Operating Activities

The Bald Butte Agreement

The Company entered into an option agreement dated February 18, 2005 whereby the Company can acquire a 100% interest in the Bald Butte Property in Southwestern Montana. The option agreement includes a total of 22 patented claims, comprising approximately 350 acres, and an area of interest with a radius of 0.5 miles from the property boundaries. The Company has acquired through staking, an additional 10 claims (contiguous to the property and included in the area of interest) to cover possible extensions of significant mineralization.

Bald Butte is a quartz vein stockwork hosted molybdenite deposit, located approximately three miles south west of the historic Marysville gold mining district of Montana. Bald Butte is accessible by existing roads and a rail siding is within eight miles. The Butte-Mullan power line crosses a portion of the property and two existing flotation mills, MRI and Phillipsburg are both within 80 miles.

To acquire the option, the Company is required to make certain cash payments and issue treasury shares. Details of the contractual requirements are disclosed in the notes to the year end financial statements.

The Company was granted access to the extensive files, reports and drawings that had been generated by Gulf Mineral Resources and donated to the Montana Bureau of Mines & Geology. A detailed study of these records by management has been on-going. Results of drilling programs completed by Gulf in the early 1980's revealed the possibility that a deposit of molybdenum ("Mo") mineralization grading greater than 0.1% Mo existed close to surface on Bald Butte Mountain in the vicinity of Gulf's Diamond Drill Hole # GGB-34. On June 28th 2005 on behalf of the Company, Madison Mining Corporation submitted a drilling and reclamation plan to the Montana Department of Environmental Quality ("DEQ"). The plan involved the drilling of 50 percussion holes to test the existence of the theorized near-surface deposit.

A permit to drill was granted and a drill program was undertaken whereby 50 holes were drilled, cuttings were collected, split and sent for assay. A report, dated November 22, 2005 and amended December 15, 2005, authored by John Thompson, P.Eng. and Michael Sandidge, P.Geo., incorporating the results of the 50 hole percussion drill program, was completed in compliance with National Instrument 43-101. Mr. Thompson, P.Eng. calculated an "Indicated Mineral Resource" of 390,000 short tons grading 0.13% molybdenum.

A mining plan of operation (based on a small quarry rate of 900 tonnes per day) was submitted by the Company to the Montana DEQ and was subsequently accepted. A Small Miner's Exclusion Statement ("SMES") as provided for in the provisions of the Montana Metal Mines Reclamation Act was completed by the Company and also submitted to the DEQ. The Company is excluded from the permitting

requirements of the Act by the SMES submission. Permission to commence mining on the Bald Butte project has been granted subject to a surface disturbance limit of 5 acres. The access roads and haul roads are not included in the 5 acre disturbance limit and have been bonded separately. The Company has been given approval by MDEQ to disturb an additional 5 acres. This additional 5 acres will be used by the Company to store excess overburden material to enable better access to mineralized zones in the pit. It will also be used to construct a crusher pad and stockpile area to improve transportation logistics.

In the fourth quarter of 2005, the Company incorporated a wholly owned Montana subsidiary, Montana Molybdenum Corporation ("MT Moly"). L. Joseph Bardswich, P.Eng. (Ontario), a director of United Bolero, was president of MT Moly. MT Moly commenced operations on November 1, 2005 on the Bald Butte project. A mining crew was recruited, Mine Safety & Health Act (MSHA) training programs were established, equipment was mobilized and a program of extensive road building/upgrading was undertaken. The road program, providing haul truck access to State/Interstate highways was complete by year end. Actual mining operations commenced on December 5, 2005 with the removal of waste rock overlying the deposit. Actual processing of molybdenite material at the Contact Mill, located in Phillipsburg Montana, started on April 11, 2006.

In April 2006, the Company drilled a 100 foot exploratory hole which yielded 14 feet of 0.611% MoS₂ and 8 feet of 0.686% MoS₂. These results are the highest numbers historically achieved on Bald Butte.

At the end of April 2006, L. Joseph Bardswich resigned as president of MT Moly and as director of United Bolero. The Company has taken issue with and continues to review actions taken and expenses incurred by the former president of MT Moly.

In early May 2006, Bruce Parker, P.E., (Montana) assumed responsibility for all of United Bolero's Montana mineral properties as Head Project Manager. Mr. Parker, a registered Professional Engineer in Montana, Idaho, Nevada and New Mexico, has extensive engineering, regulatory, and management experience in the mining industry in Montana. He is the Qualified Person on the Bald Butte project for purposes of NI 43-101. As Head Project Manager, he is not an independent person as defined by NI 43-101.

In view of a recommendation from Bruce Parker, the Company has for the time being suspended the mining and milling operations at its Bald Butte quarry project. This decision was made when metallurgical test work confirmed lower than anticipated mill recoveries due to an elevated percentage of oxidized material coming from the specific area in the quarry being mined. Subsequently, the Company provided to a laboratory, G & T Metallurgical Service, Kamloops, BC, additional material from the Bald Butte quarry that more closely represents the deposit.

Results from this first phase of metallurgical testing, designed to determine molybdenum recovery rates, have now been received. By conducting a number of scoping batch flotation tests, G & T determined that molybdenum in the ore body can be recovered into rougher concentrate between 90 to 95 percent. The rougher concentrate can then be processed into a marketable molybdenum concentrate with an overall molybdenum recovery rate of about 80 percent. (A marketable molybdenum concentrate contains at least 50 percent molybdenum.)

G & T has recommended that additional representative samples across the full resource be acquired and similar testing conducted to finalize the flowsheet and test the viability in metallurgical response. Testing of these larger scale samples may provide some opportunity to improve upon the current projected recovery rates as the present tests have not been optimized to define the optimal primary and regrind sizes.

The Company's geological team working under the supervision of Bruce Parker, P.E., completed the geologic mapping and interpretation of the Bald Butte quarry. Using this mapping information, a resource calculation determination was completed. The geologic interpretation, resource calculation and metallurgical data were provided to Broad Oak Associates, Toronto, Ontario, to assist in completing the NI 43-101 for the Bald Butte property.

In December 2006, the NI 43-101 compliant report on the Bald Butte property was completed by Broad Oak Associates. The report stated that there is an inferred resource of 105 million tons at a grade of 0.071% molybdenum (0.12% MoS₂) which was calculated using the polygonal method, containing 150 million pounds of molybdenum, (250 million pounds of MoS₂). The inferred resource was calculated using an 0.04% molybdenum cut-off grade. The contained MoS₂ represents total material contained and does not take into account metallurgical recoveries. The report recommended a two phase drilling program to increase the geological knowledge of the deposit.

Subsequent to December 31, 2006, based on the recommendations from the Broad Oak Technical Report, the Company engaged Ruen Drilling, Inc. of Clark Fork, Idaho to conduct a 5,500 metre (approximately 18,000 feet) drill program on the Bald Butte deposit. The program is expected to start on or about the middle of May 2007. The objectives of the drill program are: to conduct confirmatory infill and step out drilling to expand the overall resource and upgrade portions of it to the measured and indicated categories; and to conduct additional exploratory drilling in the area of the Bald Butte pit where high grade mineralization had previously been reported.

For the year ended December 31, 2006, the Company issued 120,000 common shares valued at \$30,000 and paid \$114,850 (US\$100,000) pursuant to the terms of the property agreement and incurred \$2,373,665 towards deferred development costs. The Company also lowered its asset retirement obligation to reflect its reduced obligations with respect to the quarry and roads.

As at December 31, 2006, the Company has incurred \$440,353 in acquisition costs and \$2,964,374 toward deferred development costs on the Bald Butte mineral property. Acquisition costs include \$145,663 for estimated asset retirement obligations. Subsequent to year end, the Company paid US\$200,000 and issued 120,000 common shares of the Company valued at \$34,800 pursuant to the property agreement.

Cannivan Gulch Mining Exploration and Option Agreement

On December 30th, 2004, United Bolero entered into the Cannivan Gulch Mining Exploration and Option Agreement ("MEOA") to acquire a 100% interest in the Cannivan Gulch molybdenum project. The property was acquired from MKM Enterprises and Verde Ltd. (the "vendors") based out of Missoula, Montana. In order to earn a 100% interest in the property, net of a 2% Net Smelter Royalty (NSR), United Bolero is required to make specific cash and share payments. These requirements are disclosed in the notes to the financial statements.

United Bolero will have the opportunity to purchase 1% of the 2% NSR upon the third anniversary of the agreement for a purchase price of US \$600,000. This option to purchase is offered only on the third anniversary of the agreement and at no other time.

The Cannivan Gulch property was previously explored between the years 1968 and 1981 by Cyprus-Amax, Amoco and others. A total of 55 core holes totalling 88,450 feet have been drilled and 2,514 feet of underground development has been completed. Based on the results of these earlier exploration programs, an estimated 300 million tons grading 0.06% molybdenum ("Mo") containing 360,000,000 pounds of Mo had been identified. The historical resource was calculated at a 0.03% Mo cut-off resulting in a preliminary pit design with a 0.97:1 stripping ratio. These historic estimates are not supported by a current independent technical report and the Company cannot provide a current reserve estimate until it performs and completes its own updated study. The Company cannot state that there are current mineral reserves or resources on the Cannivan Gulch property and cannot state that it has demonstrated economic viability.

The Company announced in 2006, that Broad Oak Associates has been retained to prepare a NI 43-101 compliant technical report on its Cannivan Gulch property to bring historical data created by Cyprus-Amax and others into current regulatory compliance.

A review of all the previous work on the property has been recently completed. A Plan of Operations for a drilling program was submitted to the U.S. Forest Service on March 12, 2007. Forty-six (46) drill pulp samples from the historical drill holes on the property were re-analyzed in 2007 by ALS Chemex. The new analyses track well with the historical Mo results and all results are available on the United Bolero web site.

New drill sections oriented north-south and east-west were constructed on 200 foot centers and new level plans were also constructed on 200 foot centers. These were used to design the drill holes proposed for the 2007 drilling program that is presently under review by the responsible agencies. The sections and plans are also being used to evaluate mining methods and possible extensions of the mineralized system.

The key objectives of the 2007 drill program will be to drill four holes totalling approximately 1,890 metres (6,200 feet). The holes are designed to confirm and expand the historical non 43-101 compliant resource. The core obtained from the drilling will also be used for metallurgical studies to supplement the historical results. Ruen Drilling Inc., of Clark Fork, Idaho has been engaged to conduct the drill program which is anticipated to start on or about mid June subject to the receipt of the required permit.

For the year ended December 31, 2006, the Company issued 200,000 common shares valued at \$53,000 and paid \$116,500 (US\$100,000) pursuant to the terms of the Cannivan Gulch mineral property agreement. In addition, the Company issued 66,666 common shares valued at \$16,666 as finder's fees.

As at December 31, 2006, the Company has incurred \$311,292 in acquisition costs and \$68,045 toward deferred development costs on the Cannivan Gulch property.

South Baird Property – Red Lake, Ontario

On November 3rd, 2003, United Bolero signed the South Baird Property agreement to acquire a 50% interest in three patented claims units (KRL 1244608, KRL 1244612, and KRL 1244620) located in Baird Township in the Red Lake mining district.

On January 20, 2006, the Company announced that the South Baird agreement had been renegotiated without penalty. Under the new agreement, which received TSX Venture Exchange approval, the Company could earn up to 75% of the interest in the three patented claim units subject to the payment of \$45,000 cash, the issuance of 350,000 shares and the commitment to spent \$750,000 in exploration and development expenditures over a 3 year time period. The contractual commitments of the contract are disclosed in the notes to the financial statements.

During 2006, the Company and its joint venture partner Solitaire Mineral Corp. completed 10 diamond drill holes on the South Baird Property. Anomalous, but sub-economic gold intersections were encountered.

As at December 31, 2006, the Company had incurred acquisition costs of \$129,000 and paid \$225,045 towards deferred development costs on the South Baird property.

Based on the results of the drill program, the Company decided not to pursue the option agreement on the South Baird property and the carrying value of the investment was written off.

Chong Molybdenum Property, Ontario

On November 15, 2005, the Company entered into an agreement with John and Marie Brady (the optionors) whereby United Bolero Development Corp could acquire a 100-percent interest in the Chong Property in the Fraleck Township, Sudbury mining District.

Consideration payable to the optionors was \$100,000 and 300,000 common shares of the Company. The optionors would retain a 2-per-cent NSR.

A preliminary exploration program on the Chong molybdenum property was initiated. Prospecting, mechanical stripping, pressure washing, channel cutting and geological mapping activities were conducted in the vicinity of old pits bearing molybdenite mineralization. Assay results from a prospecting, stripping and channel saw-cutting program in October and November 2005, showed the presence of economically significant values in several widespread locations.

In December 2006, the Company terminated its option agreement on the Chong property as it wanted to focus its efforts and resources on more advanced projects. The carrying value of the investment was written off.

Copper Star Group of Claims

In the first quarter of 2006, the Company acquired prospective property in the Silver Star mining district, in Madison County, Montana. Four claims were staked on the property. The property is adjacent to and on strike with, a property being explored by Coronado Resources Ltd called Madison property. Coronado had reported assay results of one of its drill holes of 41.05% copper over a core length of 27 feet within a larger intercept of 64 feet grading 19.24% copper. Additionally, Coronado reported gold assays further down the hole of 54.4 feet of 0.354 ounces of gold per ton. United Bolero staked its 4 claims within 24 hours of the announcement of Coronado's discovery.

During the staking operation, oxidized gossan as well as copper stained (malachite and azurite) material were found on the surface (float) of the properties acquired. More recently, the Company staked an additional two claims (Copper Star No.'s 5 and 6) after a ground survey was completed.

Mr. Marvin A. Mitchell, P. Eng. (BC) is an advisor to the Company, and is the qualified person (as such term is defined in NI 43-101) for the Copper Star Project. Mr. Mitchell visited the property to suggest a program of exploration. It was determined that the historic open pit mines and newly discovered mineralized zone on the Coronado ground appears to lie about 2,200 feet or 670 metres to the northwest of the west boundary of Copper Star No. 1 Claim and about 1,725 feet or 525 meters east of the east boundary of the newly acquired Copper Star No. 6 Claim.

It also appears from the field examination that the favourable contact between the intrusive and the limestone extends onto the Company's claims for a total of approximately 3,000 to 3,500 feet or 900 to 1,050 metres.

A number of skarn zones showing mineralized material as well as several historic mine pits were noted in this intrusive/limestone contact on the Company's claim further demonstrating that the contact carries skarn throughout the Company's claims and beyond.

The Company continues to review its options to maximize the value of its six claims at Copper Star including, but not limited to, exploration and joint venture.

Arcadia Property

Subsequent to December 31, 2006, the Company entered into a Letter of Intent to acquire an option to purchase 50% of the Arcadia property, a 1,280 hectare area of Inuit-owned land located in Canada's Nunavut territory from NPN Investment Group Inc. (NPN). Under the option agreement, the Company will pay \$15,000, issue 75,000 common shares of the Company, and complete \$600,000 worth of exploration work over the next two years. The transaction is subject to regulatory approval.

The Arcadia property represents an Archean lode-gold deposit located on the Arctic Ocean in Canada's Nunavut territory. A historic resource estimate of 640,650 tonnes averaging 7.2 g/t gold (containing about 148,000 oz. gold) in the North Central Vein and 139,524 tonnes averaging 8.6 g/t gold (or 38,600 contained oz. gold) in the Fred Vein have been reported for the property. These resource estimates were completed prior to 2001 and are non 43-101 compliant. These historic estimates are not supported by a current independent technical report and the Company cannot provide a current reserve estimate until an updated study is performed and completed. The Company cannot state that there are current mineral reserves or resources on the property. All of the historic diamond drilling data has been compiled into a Gemcom database. Sufficient salt, fuel and construction materials are on site to support a 5,000 foot diamond drilling program. Additionally, all permits are in place, as well as a reclamation bond, to allow for diamond drilling. United Bolero and NPN are planning on an aggressive surface exploration and diamond drilling program in 2007 to confirm the historic resources, as well as to test for new exploration targets. Robert McLeod, P.Geol., Vice President Exploration, for Full Metal Minerals Ltd. is the qualified person as defined by NI 43-101. Equity Engineering Ltd., a Vancouver Based Mining Consulting Group, has been engaged to complete a NI 43-101 report on the Arcadia Property.

Selected Annual Information

Financial Information

	2006	2005	2004
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss before other items for the year	(1,320,305)	(1,130,826)	(636,442)
Loss per common share, basic and diluted	(0.03)	(0.05)	(0.05)
Net Loss for the year	(1,481,905)	(1,370,199)	(819,610)
Net Loss per common share, basic and diluted	(0.03)	(0.06)	(0.07)
Weighted Average number of common shares	50,605,517	24,179,661	12,325,843
Balance Sheet Data			
Working capital	2,903,524	735,577	39,368
Total assets	7,329,980	2,395,368	501,793
Long-term debt	145,663	283,338	Nil

The results of operations reflect the overhead costs incurred for mineral property acquisitions and exploration expenses incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, exploration, and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as property acquisitions and exploration continues. As at December 31, 2006, the Company had not recorded any significant revenues from its projects in either oil and gas, or mineral exploration and development.

Revenues

Due to the Company's status as an exploration and development stage mineral resource company, and a lack of commercial production from its properties, the Company currently does not have significant revenues from its operations.

General and Administrative Expenses

Management & Administration, Consulting and Professional Fees

Management & administrative, consulting and professional expenses for the respective twelve-month periods ended December 31 were as follows:

As at December 31	2006 \$	2005 \$	2004 \$
Management & Admin Fees	264,755	287,974	153,163
Professional Fees	218,726	189,579	117,055
Consulting Fees	13,293	30,075	32,471

Management and Administration fees in 2006 decreased by \$23,219 or 8.1% over the prior year. In 2005, approximately \$53,000 of the fees relate to termination payments. With the exclusion of the termination fees, 2006 management fees would have been higher by approximately \$30,000. Management took steps to reduce the expenses throughout the year and anticipates the benefit of the reductions to be seen in 2007.

Professional fees in 2006, which consists of legal, audit and accounting expenses, increased by \$29,147 or 15% over the prior year. The Company experienced increases in professional fees predominantly related to its subsidiary MT Moly and the Bald Butte Project. In addition, increases were incurred, particularly in the first quarter 2006 for assistance with 2005 year end accounting and auditing processes, regulatory requirements and the transitioning to a new third party accounting provider.

Consulting fees in 2006 decreased by \$16,782 or 55.8% over the prior year. Generally the Company has reduced its utilization of consulting services unless those services are specifically associated with mineral properties and accordingly, the costs were deferred.

Office, Rent and Miscellaneous

Office, rent and miscellaneous expenses for the year ended December 31, 2006 are \$81,102 (2005: \$104,103, 2004: \$22,665). During 2006, the Company was able to reduce expenses in almost all categories of office, rent and miscellaneous expense (e.g., supplies, parking, phone and fax, and rent). The decreases were partially offset by increases in insurance and the office costs of MT Moly.

The significant increase from 2005 over 2004 predominantly relates to the Company moving head office space in 2005 which resulted in increased rent and related office set up costs.

Shareholder Communications and Promotional Expenses

Shareholder communications and promotional expenses for the year ended December 31, 2006 are \$199,146 (2005: \$171,056, 2004: \$77,231). Investor relations and promotional activities have increased over the three year period due to increased corporate visibility the Company has been trying to achieve.

The 2006 expenditures represent an increase of \$28,090 or 16.4% over the prior year. The increase is primarily the result of an investor relations contract with a German based company. This contract has now expired. This increase in costs was partially offset by a reduction in promotion costs for banners, email blasts and bull venture teaser pages.

Travel and Accommodation

Travel and accommodation expense for the year ended December 31, 2006 is \$44,847 (2005: \$90,098, 2004: \$14,646). In an effort to control costs, the Company decreased travel activity during 2006.

Stock Based Compensation

Stock based compensation expense for the year ended December 31, 2006 is \$456,154 (2005:\$192,030, 2004:\$188,651). The increase in 2006 is attributable to the issuance of additional options during the year and a full year's amortization of options issued in the latter half of 2005.

Transfer Agent & Filing Fees

Transfer agent & filing fees for the year ended December 31, 2006 are \$40,973 (2005: \$33,190, 2004: \$27,899). The increase during 2006 relates largely to the applicable regulatory filings in connection with increased financing activities as well as the granting of the stock options to directors, employees and consultants of the Company.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters of 2006 and 2005:

Three Months Ended	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Loss	458,264	201,791	290,042	370,208
Loss per Common Share	(0.01)	0.00	(0.01)	(0.01)
Net Loss	681,064	201,791	290,042	309,008
Net Loss per Common Share	(0.01)	0.00	(0.01)	(0.01)
Three Months Ended	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005
Revenue	Nil	Nil	Nil	Nil
Loss	400,220	172,696	297,300	260,610
Loss per Common Share	(0.01)	(0.01)	(0.01)	(0.02)
Net Loss	639,593	172,696	297,300	260,610
Net Loss per Common Share	(0.02)	(0.01)	(0.01)	(0.02)

The net loss for the three months ended December 31, 2006 was \$681,064 (2005: \$639,593). While the net loss increased by \$41,471 over 2005, there were significant changes in a number of accounts. The write off of properties increased by \$181,827, stock based compensation increased by \$180,603 and consulting expenses increased by \$39,180. These increases were partially offset by the following

improvements: income tax recovery increased by \$190,400, management and administration decreased by \$32,479, office rent and miscellaneous expenses decreased by \$22,571, shareholder communications reduced by \$32,794, travel reduced by \$32,766, foreign exchange dropped by \$28,325 and interest income increased by \$14,062.

In the fourth quarter 2006, the Company wrote off \$413,200 representing its investments in the Chong and South Baird properties. In the fourth quarter 2005, the Company wrote down its interest in the Wagonbox Field by \$231,373.

Consulting expenses in the fourth quarter of 2006 were \$8,293 compared to \$(30,887) in 2005. The credit balance in 2005 related to year end adjustments to reclassify consulting expenses directly related to mineral properties to deferred cost.

During 2006, the Company recognized the tax recovery related to renouncing its flow through expenditures. There were no renunciations in 2005.

Foreign exchange entries were booked throughout 2006 however, in 2005, the entries were only booked at the end of the year causing foreign exchange to be heavily weighted in the last quarter.

The increase in interest income is directly related to the higher cash balances in 2006 compared to 2005.

As stated in the Selection of Annual Information, office, rent and miscellaneous expenses saw a general decrease throughout the year however, the decrease was greatest in the last quarter. In the fourth quarter 2006, the Company wrote off old payables balances, recovered rent costs from other tenants and no longer incurred office and rent charges for its subsidiary MT Moly. The office, rent and miscellaneous charges for MT Moly were predominantly incurred in the last quarter of 2005 to the second quarter of 2006.

The explanations for the changes in management and administration fees, stock based compensation, and travel were described in the Selection of Annual Information section and are applicable to fourth quarter results as well.

Liquidity and Capital Resources

The Company's cash position was \$3,100,663 at December 31, 2006 compared to \$833,674 at December 31, 2005. For the year ended December 31, 2006, the Company completed three private placement financings to fund their mining endeavours. The funds from the financings, net of issue costs, were \$3,709,692. In addition, the Company received \$2,090,867 from the exercise of warrants and options. The Company expects that additional cash may be available through the exercise of options and warrants and since December 31, 2006 has already received an additional \$765,117. The Company believes it has sufficient cash to fund its planned exploration and development activities for the next year.

At December 31, 2006, the Company had working capital of \$2,903,524 compared to \$735,577 at December 31, 2005. For the year ended December 31, 2006 the Company obtained \$5,800,559 from various private placement financings and the exercise of options and warrants, and utilized \$858,384 for operating activities and \$2,575,271 for mineral property expenditures, equipment and other investments.

The Company's only long-term debt is its asset retirement obligation. There are no material credit facilities in place as at December 31, 2006.

Any commitments to pay cash or issue shares pursuant to mineral property option agreements, or to incur expenditures related to flow through funding, are disclosed in the notes to the annual financial statements.

Related Party Transactions

During the year ended December 31, 2006, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$263,282 (2005 - \$244,508). \$132,500 was paid to Bruce Duncan (president), \$82,500 to Robert Gardner (Chairman of the Board), \$20,000 to Blair Naughty (former president), \$32,000 to Mike England (former director), and a write off of a prior year payable to Stacey Matthes (former officer) for \$3,718.
- b) Paid or accrued consulting fees of \$5,000 (2005 - \$ 30,000) to Marvin Mitchell (former director).
- c) Paid or accrued professional fees of \$52,750 (2005-\$Nil) to West Oak Capital, a company owned by Bruce Duncan (president) for accounting services provided.
- d) Paid or accrued salary included in Geologists and other labour in deferred development costs of \$56,926 (2005- \$38,755) to Joe Bardswich (former director).
- e) Bruce Duncan (president) subscribed for a total of 125,000 units at \$0.20 per unit for gross proceeds of \$25,000 in the Company's February private placement.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from management's estimates.

Financial Instruments

The Company's financial instruments consist of cash, receivables, reclamation deposit, accounts payable and accrued liabilities, and asset retirement obligations. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Proposed Transactions

The Company does not have any transactions under consideration.

Contingencies

The Company's contingent liabilities are disclosed in the notes to the annual audited financial statements.

Subsequent Events

Significant events occurring subsequent to December 31, 2006, are disclosed in the notes to the annual audited financial statements.

Disclosure Controls

The Company's Chief Executive Officer/Chief Financial Officer is responsible for establishing and maintaining the Company's disclosure controls and procedures. The Company's policy requires all staff to keep the Chief Executive Officer/Chief Financial Officer fully apprised of all material information affecting the Company so that the information could be evaluated to determine the appropriateness and timing for public release. Access to such material information is facilitated by the small size of the Company's staff.

The Chief Executive Officer/Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as of December 31, 2006, has concluded that the Company's disclosure controls and procedures are currently adequate and effective to ensure that material information relating to the Company and its subsidiaries are known to him.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Other MD&A Requirements

As at April 23, 2007, the Company has 66,012,263 shares outstanding, or 87,402,935 shares on a fully diluted basis. If the Company were to issue 15,780,007 shares upon the conversion of all of its outstanding warrants and 5,610,665 shares upon the conversion of all of its outstanding stock options, it would raise \$7,385,918.

UNITED BOLERO DEVELOPMENT CORP.

CORPORATE DATA

April 23, 2007

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Pacific Corporate Trust Company
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Vancouver, BC V6C 3B9

DIRECTORS AND OFFICERS

R. Bruce Duncan	President & CEO, CFO, Corp. Secretary & Director
Robert C. Gardner, Q.C.	Chairman, Director
Brian R.D. Smith, Q.C.	Director
R. Stuart Angus, LLB	Director

CAPITALIZATION

Authorized:	Unlimited
Issued:	66,012,263
Escrow:	Nil

SOLICITOR

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Box 754, 181 Bay Street
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LISTINGS

TSX Venture Exchange
Trading Symbol: UNB.V
Cusip No.: 90962L

Frankfurt Exchange
Trading Symbol: "U7N"