

SUPREME RESOURCES LTD.
(formerly Universal Energy Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended March 31, 2008

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

"Allan Levien"

Allan Levien, President

SUPREME RESOURCES LTD.
(formerly Universal Energy Corp.)
(prepared by management without audit)
Consolidated Balance Sheets
As at March 31, 2008 and June 30 2007

	Mar. 31, 2008	June 30, 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 256,743	\$ 19,314
Receivables	1,927	487
Prepaid expenses	29,378	878
	<u>288,048</u>	<u>20,679</u>
Mineral properties and deferred costs (Note 3)	66,678	20,000
Oil and gas properties and deferred costs (Note 4)	1	1
Receivable from related parties (Note 5)	-	-
Deferred share issue costs (Note 12)	-	-
	<u>\$ 354,727</u>	<u>\$ 40,680</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 86,168	\$ 184,530
Due to related party	-	-
Loan payable (Note 6)	-	168,015
	<u>86,168</u>	<u>352,545</u>
Shareholders' equity		
Share capital (Note 7)	6,451,908	5,940,075
Contributed surplus (Note 7)	126,477	126,477
Deficit	(6,309,826)	(6,378,417)
	<u>268,559</u>	<u>(311,865)</u>
	<u>\$ 354,727</u>	<u>\$ 40,680</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board:

"Allan Levien"
Allan E. Levien, President & Director

"John Davies"
John D. Davies, Director

The accompanying notes are an integral part of these consolidated financial statements.

SUPREME RESOURCES LTD.
(formerly Universal Energy Corporation)
Consolidated Statements of Operations and Deficit
(prepared by management without audit)
Nine-month period ended March 31

	3 months ended Mar. 31, 2008	3 months ended Mar. 31, 2007	9 months ended Mar. 31, 2008	9 months ended Mar. 31, 2007
Expenses				
Filing, transfer agent and reporting fees	\$ 4,748	\$ 10,382	\$ 18,739	\$ 19,734
Interest expense and bank charges	473	4,225	7,432	14,896
Management and administration	-	-	17,500	34,287
Occupancy cost	-	-	8,109	3,011
Office and miscellaneous	8,587	7,819	25,732	12,566
Professional fees	4,120	6,025	6,459	38,040
Stock based compensation	-	-	-	44,888
Travel and promotion	380	-	3,479	11,414
Loss for period before other item	(18,308)	(28,451)	(87,450)	(178,836)
Other Item:				
Currency exchange gain (loss)	-	(9,066)	-	(9,066)
Interest income	1,257	-	1,733	-
Gain on settlement of loan payable	154,308	-	154,308	-
Profit (Loss) for the period	137,257	(37,517)	68,591	(187,902)
Deficit, beginning of period	(6,447,083)	(5,821,130)	(6,378,417)	(5,670,745)
Deficit, end of period	<u>\$ (6,309,826)</u>	<u>\$ (5,858,647)</u>	<u>\$ (6,309,826)</u>	<u>\$ (5,858,647)</u>
Basic and diluted loss per common share	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.01)
Weighted avg. common shares outstanding	31,240,530	22,935,527	27,398,311	21,925,327

The accompanying notes are an integral part of these consolidated financial statements.

SUPREME RESOURCES LTD.

(formerly Universal Energy Corporation)
Consolidated Statements of Cash Flows
 (prepared by management without audit)
Nine-month period ended March 31

	3 months ended Mar. 31, 2008	3 months ended Mar. 31, 2007	9 months ended Mar. 31, 2008	9 months ended Mar. 31, 2007
Cash flows from operating activities:				
Profit (Loss) for the period	\$ 137,257	\$ (37,517)	\$ 68,591	\$ (187,902)
Items not affecting cash				
Stock based compensation	-	-	-	44,888
Gain on settlement of loan payable	(154,308)	-	(154,308)	-
Changes in non-cash working capital items:				
Decrease (increase) - receivables	1,623	844	(1,440)	2,168
Increase (decrease) - prepaid expenses	(27,150)	5,017	(28,500)	8,641
Increase (decrease) – accounts payable	(53,706)	(8,647)	(67,069)	(1,160)
Net cash used in operating activities	(96,284)	(40,303)	(182,726)	(133,365)
Cash flows from financing activities				
Advances from (to) related parties	(522)	17,926	-	17,926
Loan payable			(45,000)	
Shares issued for cash	(45,000)	-	511,833	96,574
Share capital subscribed	-	58,500	-	58,500
Net cash provided by financing activities	(45,522)	76,426	466,833	173,000
Cash flows from investing activities				
Acquisition of oil properties and deferred costs	(2,597)	8,891	(46,678)	2,094
Net cash used in investing activities	(2,597)	8,891	(46,678)	2,094
Change in cash for the quarter	(144,403)	45,014	237,429	41,729
Cash (bank indebtedness), beginning of period	401,146	2,140	19,314	5,425
Cash (bank indebtedness), end of period	\$ 256,743	\$ 47,154	\$ 256,743	\$ 47,154
Cash paid during the period for:				
Interest	\$ -	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 9)

The accompanying notes are an integral part of these consolidated financial statements.

SUPREME RESOURCES LTD.
(formerly Universal Energy Corp.)
(prepared by management without audit)
Notes to the Consolidated Financial Statements
March 31, 2008

1. Nature of and continuance of operations

Supreme Resources Ltd. (the "Company") was incorporated under the British Columbia Company Act on June 12, 1979 and is listed on the TSX Venture Exchange ("TSX-V"). On February 9, 2007 the Company changed its name from Universal Energy Corp. Previously, on January 9, 2006, the Company had changed its name from U.S. Platinum Inc. The Company's principal business activities changed from acquiring and developing oil and gas properties in central United States and Canada to acquiring and developing mining properties in Canada. To date the Company has not generated significant revenues from its operations and is considered to be in the exploration stage.

The attached consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of share issuances. These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

The consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

	March 31, 2008	June 30, 2007
Working capital (deficiency)	\$ 201,880	\$ (331,866)
Deficit	\$ (6,309,826)	\$ (6,378,417)

2. Significant accounting policies

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Supreme Resources USA Ltd. ("Supreme USA"), formerly Universal Energy USA Ltd. ("Universal USA"), a company incorporated under the laws of Nevada, USA. Significant inter-company balances and transactions have been eliminated upon consolidation.

Foreign currency translation

Financial statements of the Company's foreign subsidiary are translated into Canadian dollar equivalents using the temporal method whereby all monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated at rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities at each year-end are recognized in the statement of operations.

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March 31, 2008

2. Significant accounting policies (cont'd)

Oil and gas exploration

The Company follows the full cost method of accounting for its oil and gas exploration whereby all costs related to the acquisition of, exploring for and developing oil and natural gas reserves are capitalized. These costs, together with the estimated future costs to be incurred in developing proved reserves, are depleted or depreciated using the unit-of-production method based on the proved reserves before royalties as estimated by independent petroleum engineers. The costs of undeveloped properties are excluded from the costs subject to depletion, depreciation and amortization until it is determined whether proved reserves are attributable to the properties or impairment occurs.

Reserve estimates can have a significant impact on earnings, as they are a key component in the calculation of depletion, depreciation and amortization. A downward revision to the reserve estimate could result in higher depletion, depreciation and amortization and thus lower net earnings. In addition, estimated reserves are also used in the ceiling test. If the net capitalized costs exceed the calculated ceiling, the excess must be written off as an expense charged against earnings. The ceiling is equal to the estimated undiscounted future net revenue from proved reserves, based on year-end prices, plus the cost (net of impairments) of unproved properties less estimated future capital costs, future site restoration, general and administrative, financing and income tax costs.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would result in a change in the depletion rate of 20% or more.

The Company's oil and gas reserves will be evaluated and reported on by an independent petroleum engineer. The estimates of reserves is a subjective process as forecasts are based on engineering data, projected future rates of production, estimated future commodity prices and the timing of future expenditures, which are all subject to uncertainty and interpretation.

Management relies on professional industry consultants to determine whether losses from environmental, legal, and other contingencies are probable, and if so, how much to accrue for each contingency. On an ongoing basis, management evaluates its estimates and assumptions; however, actual amounts could differ from those based on such estimates and assumptions.

Mineral properties and deferred costs

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

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March 31, 2008

2. Significant accounting policies (cont'd)

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

The Company has taken steps to verify title to the mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, but these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Use of 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 the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the determination of environmental obligations, impairment of minerals claims and deferred exploration expenditures, rates for depletion and amortization and stock-based compensation. Actual results could differ from those estimates.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes whereby future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is likely to be realized.

Deferred share issue costs

Professional, consulting and regulatory fees as well as other costs that are directly attributable to financing transactions are deferred until such time as the transactions are completed. Share issue costs are charged to capital stock when the related shares are issued. Costs relating to financing transactions that are not completed are charged to operations.

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2. Significant accounting policies (cont'd)

Loss per share

The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share considers the dilutive impact of the exercise of outstanding stock options, warrants and similar instruments as if the events had occurred at the beginning of the period or at time of issuance, if later. For the six-month period ended December 31, 2007 and for the fiscal year ended June 30, 2007, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

Stock-based compensation

The Company accounts for stock options using the fair value method. Under the fair value method, options granted to employees and non-employees are charged against income over the period of vesting. The fair value of each option granted is estimated on the date of the grant using the Black-Scholes options pricing model. Any consideration paid upon exercise of stock options is credited to share capital.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. Mineral properties and deferred costs

Expenditures and write-offs incurred on mineral properties were as follows:

	June 30, 2006	Expenditures (Write-off)	June 30, 2007	Expenditures	Mar. 31, 2008
Ample-Goldmax, Lillooet, BC					
Acquisition	-	\$20,000	\$20,000	\$24,000	\$44,000
Exploration	-	-	-	21,678	21,678
Bornite/MSW, Ominica					
Acquisition	-	-	-	1,000	1,000
	-	\$20,000	20,000	\$46,678	\$66,678

Ample-Goldmax, Lillooet, BC

On May 7, 2007 the Company signed an Option Agreement securing an option on a block of mining claims located southwest of Lillooet, British Columbia. The option is being acquired for an initial payment of \$10,000 and the issuance of 500,000 common shares of the Company, of which 300,000 were issued upon acceptance of the Agreement by the TSX Venture Exchange, and the remaining 200,000 to be issued in the subsequent two years.

During the summer 2007 field program, 111 soil samples were collected and analyzed for gold and multi-element ICP. Sample grid lines crosscut a prospect of interest near Highway

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3. Mineral properties and deferred costs (cont'd)

Ample-Goldmax, Lillooet, BC (cont'd)

99 in the area of the "Ample-Goldmax zone". Approximately 5 sample lines of up to 100m long were sampled every 5m in general, although in some places the prospector chose to sample at 1m spacing. Preliminary results show anomalous gold values ranging from 8.5 ppb to 370.8 ppb Au, with 4 samples within a 10m zone near the highway yielding more than 300 ppb Au.

A new NI 43-101 Report, dated July 24, 2007, outlining the history of gold mining & exploration of mineralized zones and recommending further exploration work on the Ample-Goldmax Property, has been completed by J.S. Getsinger, P.Geo. A copy of the full report can be found at www.sedar.ca.

Bornite and MSW Properties, Omineca

Supreme Resources was in negotiations with Ursula Mowat, Geologist and owner of the Bornite and MSW properties in the Omineca Mining Division, for the sole and exclusive right and option to acquire a 100% interest in the properties, subject to a 2% NSR royalty.

Those negotiations have been suspended.

4. Oil and gas properties and deferred costs

Expenditures incurred on oil and gas properties were as follows:

	June 30, 2006	Expenditures (Write-offs)	June 30, 2007	Expenditures (Write-offs)	Mar. 31, 2008
Saturn I Property, Montana USA					
Acquisition	\$ 151,367	\$(151,366)	\$ 1	-	\$ 1
Saturn II Property, Montana USA					
Acquisition	344,115	(344,115)	-	-	-
	\$495,482	\$(495,481)	\$ 1	-	\$ 1

Saturn I Property, Daniels County Montana, USA

In September 2005, the Company purchased a block of oil and gas leases, directly from the Montana state auction, referred to as the Saturn I Property for \$133,292 plus a finder's fee of \$6,575 and 100,000 shares of common stock valued at \$11,500 for a total acquisition cost of \$151,367. The agent retained a 31/3% overriding royalty. During the year, the Company wrote down the property to a nominal value of \$1.

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4. Oil and gas properties and deferred costs (cont'd)

Saturn II Property, Daniels County Montana, USA:

In January, 2006, the Company entered into a letter of intent agreement, subsequently amended, to purchase a 75% net working interest in certain oil and gas leases located in the State of Montana, referred to as the Saturn II Property.

In order to purchase the Saturn II Property, the Company paid \$344,115 (US\$300,000) and is required to pay US\$4,200,000 and issue 4,000,000 common shares as follows:

1. pay US\$2,850,000 and issue 2,000,000 common shares on or before May 31, 2006; and
2. pay US\$337,500 and issue 500,000 common shares on or before each of August 30, 2006, February 28, 2007, August 30, 2007 and February 28, 2008.

The Saturn II Property agreements expired on December 31, 2006. The Company has decided to abandon the property.

The Corporation entered into an agreement with Primary Petroleum Corporation for a loan of \$150,000 USD secured by a promissory note and general security agreement securing all current assets of the Corporation as well as its long-term asset, the Saturn I Property. The Promissory Note carries an interest rate of 12% per annum and covers a term of two years, with principal and interest due on or before May 1st, 2008. There are no material credit facilities in place at the end of this fiscal year.

On February 11, 2008 Supreme Resources entered into a Settlement Agreement with Primary Petroleum Company. The terms of this agreement are as follows:

1. Primary to pay legal costs to transfer/assign/register the Saturn I and II leases from Supreme to Primary. All leases are to be in good standing.
2. Primary to receive US\$45,000 from Supreme.
3. Primary to release Supreme of its obligations under the Promissory Note and General Security Agreement dated May 1, 2006.

5. Related party transactions

During the nine-month period ended March 31, 2008 the Company entered into the following transactions with related parties:

- a) Paid or accrued \$17,500 (YE June 2007 - \$25,050) for management and administration costs to directors and former directors. This amount pertains to a prior year and had been previously written off in error.

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5. Related party transactions (cont'd)

- b) Paid or accrued \$Nil (YE June 2007 - \$6,000) for accounting services provided by a former officer of the Company
- c) Paid or accrued \$Nil (YE June 2007 - \$21,176) for legal services provided by a director of the Company.
- d) Paid \$8,109 to a director of the Company (YE June 2007 - \$3,886) as reimbursement for office rent and facilities.

Included in accounts payable and accrued liabilities is \$34,501 (YE June 2007 - \$34,501) owed to companies owned by directors and former directors for services provided.

Amounts due to and from related parties are non-interest bearing and with no fixed terms of repayment. Due from related party were written off during the year as the collectibility is uncertain.

These transactions were in the normal course of operations and have been recorded at the exchange amount, which is the amount agreed to by the related parties.

6. Loan payable

In May 2006, the Company borrowed \$168,015 (US\$150,000) bearing interest at 12%, and secured by a promissory note and general security agreement on all of the current assets of the Company. The loan is due and payable on the earlier of receipt of private placement proceeds or May 1, 2008, and may be repaid at any time at the option of the Company.

The Company is contingently obligated, under certain terms and conditions, to grant the lender bonus warrants to acquire common shares of the Company up to an amount equivalent to 40% of the loan proceeds (US\$60,000).

The Corporation entered into an agreement with Primary Petroleum Corporation for a loan of \$150,000 USD secured by a promissory note and general security agreement securing all current assets of the Corporation as well as its long-term asset, the Saturn I Property. The Promissory Note carries an interest rate of 12% per annum and covers a term of two years, with principal and interest due on or before May 1st, 2008. There are no material credit facilities in place at the end of this fiscal year.

On February 11, 2008 Supreme Resources entered into a Settlement Agreement with Primary Petroleum Company. The terms of this agreement are as follows:

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7. Share capital and contributed surplus

(a) Authorized

Unlimited common shares without par value
10,000,000 Class "A" preference shares with a par value of \$10 each
10,000,000 Class "B" preference shares with a par value of \$50 each

(b) Common shares issued:

	Number of shares	Share Capital	Contributed Surplus
Balance, June 30, 2006	21,340,503	\$5,784,982	\$126,477
Issued during year:			
Private placements	2,517,246	163,621	-
Share issue costs	-	(42,528)	-
Issued for settlement of accounts payable	460,000	34,000	-
Balance, June 30, 2007	24,317,749	5,940,075	126,477
Issued during the period:			
Property option payment	300,000	24,000	-
Private placements (net of expenses)	6,097,247	479,724	-
Finder's fee	444,444	-	-
Options exercised	81,090	8,109	-
Balance, March 31, 2008	31,240,530	\$6,541,908	\$126,477

In December 2006 the Company completed a private placement consisting of 1,517,246 units at \$0.065 per unit for proceeds of \$98,621. Each unit consisted of one common share and one half of a common share purchase warrant. One whole warrant entitles the holder to acquire one common share at a price of \$0.10 for one year to November 8, 2007. Finder's fees in the amount of \$18,118 were paid in cash.

In May 2007 the Company issued 460,000 common shares to settle \$34,000 in accounts payable.

In April 2007 the Company completed a private placement consisting of 1,000,000 units at \$0.065 per unit for proceeds of \$65,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.12 for a period of one year.

In July 2007 the Company issued 300,000 common shares as part of the option agreement on the Ample-Goldmax Property.

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March 31, 2008

7. Share capital and contributed surplus (cont'd)

In November 2007 the Company completed a private placement consisting of 1,652,804 units at \$0.08 per unit for proceeds of \$132,224 before share issue costs. Each unit consisted of one common share and half a common share purchase warrant. Each full warrant entitles the holder to acquire one common share at a price of \$0.12 for a period of one year.

In December 2007 the Company completed a private placement consisting of 4,444,443 units at \$0.09 per unit for proceeds of \$400,000 before share issue costs. Each unit consisted of one common share and one two-year common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.15 in the first year and at \$0.20 in the second year. A finder's fee of 444,444 units was also incurred with this private placement.

In December 2007, 81,090 options were exercised at \$0.10 for net proceeds of \$8,109.00.

On April 4, 2008 the Company issued 100,000 common shares as part of the option agreement on the Ample-Goldmax Property.

On April 17, 2008, 300,000 warrants were exercised at \$0.12 for net proceeds of \$36,000.

On May 16, 2008, 50,000 warrants exercised at \$0.12 for net proceeds of \$6,000.

On April 28, 2008, 32,910 options were exercised @ \$0.10 for net proceeds of \$3,291.

(c) Share purchase warrants

As at March 31, 2008, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number Of Warrants	Exercise Price	Expiry Date
776,402	\$0.12	November 28, 2008
<u>4,888,886</u>	<u>\$0.15/\$0.20</u>	<u>December 21, 2008/2009</u>
5,665,288		

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March 31, 2008

7. Share capital and contributed surplus (cont'd)

(c) Share purchase warrants (cont'd)

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at June 30, 2007	1,000,000	0.11
Issued	5,715,288	0.146
Expired/cancelled	(700,000)	(0.10)
Exercised	<u>(350,000)</u>	<u>-</u>
Outstanding as at March 31, 2008	5,665,288	\$ 0.156

*300,000 warrants exercised April 17, 2008 providing \$36,000 to the Corporation. 700,000 expired April 18, 2008.

**50,000 warrants exercised May 16, 2008 providing \$6,000 to the Corporation.

(d) Stock options

Option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at June 30, 2007	-	-
Granted	3,160,698	\$0.10
Expired/cancelled	-	-
Exercised	<u>(114,000)</u>	<u>0.10</u>
Outstanding as at March 31, 2008	3,046,698	\$ 0.10
Exercisable as at March 31, 2008	3,046,698	\$ 0.10

***81,090 options exercised December 14, 2007 providing \$8,109 to the Corporation.
32,910 options exercised April 28, 2008 providing \$3,291 to the Corporation

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March 31, 2008

7. Share capital and contributed surplus (cont'd)

(d) Stock options

During the last fiscal year, the Company realized that the Company had mistakenly granted options when it had not obtained TSX Venture approval to do so. As a result, during the period under review, the Company has cancelled all outstanding stock options.

In November 2007 the Company announced the granting of incentive stock options to certain directors, employees and consultants. The options were priced at \$0.10 and exercisable for a period of five years to November 16, 2012.

In April 2008 the Company announced the granting of 2,791,698 incentive stock options to certain directors, employees and consultants. The options were priced at \$0.10 and exercisable for a period of five years to April 11, 2013.

8. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Fiscal 2007	Fiscal 2006
<u>Loss before income taxes</u>	<u>\$ (707,672)</u>	<u>\$ (627,030)</u>
Expected income tax recovery	\$ (220,757)	\$ (232,640)
Items not deductible for income tax purposes	-	142,952
Items deducted for income tax purposes	(4,138)	(4,350)
Unrecognized benefit of non-capital losses	<u>224,895</u>	<u>94,038</u>
<u>Total income tax recovery</u>	<u>\$ -</u>	<u>\$ -</u>

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8. Income taxes (cont'd)

The significant components of the Company's future income tax assets are as follows:

	Fiscal 2007	Fiscal 2006
Future income tax assets:		
Non-capital loss carry-forwards	\$ 345,000	\$ 251,000
Resource properties	363,000	176,000
Financing costs	<u>13,000</u>	<u>15,000</u>
	721,000	442,000
Valuation allowance	<u>(721,000)</u>	<u>(442,000)</u>
Net future income tax assets	\$ -	\$ -

The Company has approximately \$1,012,000 of non-capital losses, which may be applied to reduce taxable income in future years. If not utilized, the losses expire through to 2027. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

9. Supplemental disclosure with respect to cash flows

During fiscal 2007, the significant non-cash transaction included:

The issuance of 460,000 common shares valued at \$34,000 for the settlement of accounts payable of \$34,000.

During the period under review, the significant non-cash transaction included:

- (i) The issuance of 300,000 common shares at a deemed price of \$0.08 per share, for a total of \$24,000, as an option payment to the prospectors on the Ample-Goldmax Property.
- (ii) Loan payable of \$168,015 and accrued interest of \$31,293 were settled in full for \$45,000, resulting in gain of \$154,308.
- (iii) On April 4, 2008 the Company issued 100,000 common shares as part of the option agreement on the Ample-Goldmax Property.

SUPREME RESOURCES LTD.
(formerly Universal Energy Corp.)
(prepared by management without audit)
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10. Financial instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, loan payable, and amounts due from related parties. 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 in those rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

11. Segmented information

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of oil and gas properties in Canada and the United States. During fiscal 2005, the Company operated primarily in the acquisition and exploration of mineral properties. Segmented information on a geographic basis is as follows:

	Mar. 31, 2008	June 30, 2007
Capital assets		
Canada	\$ 66,678	\$ 20,000
United States	1	1
	<u>\$ 66,679</u>	<u>\$ 20,001</u>

12. Subsequent events

At present the Company is proposing a brokered financing and is in negotiations with IBK Capital Corp. of Toronto, Ontario.