

Supreme Resources Ltd.

(Formerly Universal Energy Corporation)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Quarter Ended March 31, 2007

Management Discussions & Analysis of Operating Results and Financial Condition: Quarter Ended March 31, 2007

The following discussion and analysis should be read in conjunction with the financial statements and notes for the quarter ended March 31, 2007 accompanying this report, and in conjunction with the Corporation's audited annual financial statements and the MD&A prepared as of June 30, 2006. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Corporation and other regulatory filings can be found on the SEDAR website at www.sedar.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", used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's "forecast", "estimate", "expect" and similar expressions, as they relate to the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation'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 Corporation 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.

Supreme Resources Ltd. (formerly Universal Energy Corporation Inc.) is a reporting venture issuer in British Columbia and Alberta and is listed on the TSX Venture Exchange. On February 9, 2007, the corporation changed its name to Supreme Resources Ltd. The corporation's trading symbol has changed to "SPR".

1.1 Date of Report

May 30, 2007

1.2 Overall Performance

The Company engages in mining exploration and seeks property acquisitions and joint venture projects in North America. The Company is currently in discussions with various parties in an effort to reach those goals.

1.3 Selected Annual Information

	June 2006	June 2005	June 04
Net sales/total revenues	Nil	Nil	Nil
Net loss	\$ (627,030)	\$ (120,711)	\$ (96,668)
Net loss per share (basic & diluted)	\$ (0.03)	\$ (0.01)	\$ (0.01)
Total assets	\$ 575,939	\$ 202,342	\$ 222,830
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

1.4 Results of Operations

Saturn I Property

The Saturn I property, which is owned by the Company, is 4,098 acres of oil and gas leases in the Williston Basin in Daniels County, Montana, U.S.A. No work was done on the property in the period covered by this discussion.

Saturn II Property

Pursuant to an agreement dated January 12th, 2006, as amended by agreements dated March 31st, 2006 and May 1st, 2006 (collectively, the "Saturn II LOI") between North American Technical Trading Company, Inc. ("NATT") and the Corporation, the Corporation agreed to purchase a 75% net working interest in 1,040 acres of oil and gas leases located in the State of Montana.

The Saturn II agreements expired on December 31, 2006. The Company's management has made a decision to negotiate the abandonment of its agreements to acquire the Saturn II property. The Company is attempting to use the title to the properties, and the Saturn I property, to negotiate its release from other agreements or to negotiate an ongoing royalty.

Goldmax Property

On May 7, 2007 the Company announced it had signed an Option Agreement securing an option on a block of mining claims located southwest of Lillooet, British Columbia.

The Ample Goldmax Property is located 8kms west of Lillooet along Highway 99 South, better known as the Duffy Lake Road. Numerous logging roads branching off Highway 99 South make this ground quite accessible except in the areas of the rock bluffs. This property comprises 294 units, or 5,828 hectares, straddles both sides of the Cayoosh Creek to the height of land, and extends along Cayoosh Creek for about 9kms. The claims are of interest due to the gold and silver showings that have been reported.

The Company understands that, over the past 20 years, there has been in excess of \$1,200,000 worth of work done on the claims. The Company will engage a consultant to analyze the results of the earlier work, and to recommend an initial program of exploration to be carried out on the claims by the Company.

The option is being acquired for an original payment of \$10,000 and requires the issuance, to maintain and exercise it, of 500,000 shares of the Company. Three hundred thousand (300,000) shares will be issuable upon acceptance of the Agreement by the TSX Venture Exchange and the remaining shares will be issued in tranches of one hundred thousand (100,000) each at 1-year intervals starting April 15, 2008. The Agreement reserves, to the Optionors, a Net Smelter Return royalty of 2.0% and provides that the Company can repurchase 1.0% of the royalty for \$1,000,000.

The Option Agreement is subject to acceptance for filing by the TSX Venture Exchange.

On May 15, 2007 the TSX Venture Exchange conditionally accepted for filing the Company's option agreement on the block of mining claims located southwest of Lillooet, British Columbia. Final acceptance is subject to the Company filing a geological report and other documentation with the Exchange.

On May 12, 2007 Allan Levien, President; Bill Percy, Consultant; and David Javorsky & Gary Polischuk, the Optionors, visited the property to make a determination as to the exploration work the Company should initiate and conduct on the property. It has been decided to do a geo-chem survey to extend the known mineralized zone on the property.

Mr. Bill Percy, formerly a Director of Supreme, has joined the Company as a consultant. Mr. John (Ziggy) Ziegler has resigned as a Director.

The Company is seeking to engage a Qualified Geologist to prepare a 43-101 Report on the Property.

Results of Exploration Activities – Operations

The results of operations reflect the overhead costs incurred for oil and gas acquisitions and exploration expenses incurred by the Corporation 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 Corporation. 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 March 31, 2007, the Corporation has not yet recorded any revenues from its exploration projects.

Revenues

Due to the Corporation's status as an exploration and development stage resource issuer, the Corporation does not have revenues to report from its current operations at this time.

1.5 Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last 8 completed fiscal quarters of the Corporation:

	Mar. 07	Dec. 06	Sept. 06	Jun. 06	Mar. 06	Dec. 05	Sept. 05	Jun. 05
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit (Loss)	\$ (37,517)	\$(113,307)	\$ (37,078)	\$(170,878)	\$(227,542)	\$(202,031)	\$(26,579)	\$(53,072)
Basic and diluted Earnings (Loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

The results of operations for the three month period ended March 31, 2007, compared to the same period for 2006, reflects the substantially reduced activities of the Corporation in the quarter. Currently, management is seeking new opportunities for future development.

As the Corporation is still in the early stages of creating a viable business enterprise, investor relations, shareholder communications and promotion have not represented a major expenditure. The Company entered into a six month agreement for an investor relations service provider to promote investor awareness at a rate of \$4,000 per month and for a grant of 100,000 stock options, at an exercise price of \$0.10 per share expiring September 11, 2011.

Transfer Agent & Filing Fees

Transfer agent and filing fees relating to the nine-month period ended March 31, 2007 was \$19,734 in contrast with \$26,669 in same period 2006. These decreased regulatory filings are reflective of the Corporation's decreased activity from its business and fundraising objectives.

1.6 Liquidity & Capital Resources

The Corporation's cash balance was \$47,154 (working capital deficiency of \$247,095) at March 31, 2007 compared with a cash balance of \$5,425 (working capital deficiency of \$313,121) at year-end June 30, 2006.

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, being 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 April 28th, 2008. There are no material credit facilities in place at the end of this fiscal year.

1.7 Capital Resources

In September 2006, the Corporation announced a private placement of units consisting of one common share and ½ of one share purchase warrant offered at a price of \$0.065 per unit. These funds will provide the Corporation with the ability to move forward on its reactivation and development plans.

The Corporation's ability to explore and, if warranted, develop further properties will be dependent upon its ability to obtain significant additional financing to ensure a future in oil and gas exploration and development. Should the Corporation not be able to obtain such financing, its ability to participate in the development of further properties may be lost. The Corporation has limited financial resources, will have limited cash flow from operations, and will be dependent for funds based on its ability to sell its common shares and share purchase warrants, primarily on a private placement basis, pursuant to the policies of the TSX Venture Exchange.

There can be no assurance that the Corporation will be able to engage in such financings in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors. If such a method of financing is employed by the Corporation it will result in increased dilution to the existing shareholders each time a private placement is conducted.

The Corporation has no assurance that additional funding will be available to it for the exploration and development of future projects. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of any projects with the possible loss of such properties.

On March 17, 2007 the Company issued 500,000 common shares to settle debts of \$34,000.

On March 26, 2007 the Company signed private placement agreements to issue 1,000,000 units at \$0.065 per unit for net proceeds of \$65,000.00. Each unit will consist of one common share and one one-year share purchase warrant entitling the purchaser to purchase an additional share of the Company at \$0.12 per share.

Cash Flow and Earnings

The Corporation, until it receives revenues from other sources will be subject to funding its operating activities from the sale and issuance of equity securities.

1.8 Off-Balance Sheet Arrangements

N/A

1.9 Related Party Transactions

During the three-month period ended March 31, 2007, the Company entered into the following transactions with related parties:

1. Paid or accrued Nil (2006 - \$Nil) for occupancy cost to former directors;
2. Paid or accrued Nil (2006 - \$21,721) for management and administration costs to former directors; and
3. Paid or accrued Nil (2006 - \$Nil) for travel and promotion to former directors.

Included in accounts payable and accrued liabilities is \$54 (2006 - \$Nil) owed to directors, 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. 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.

Stock Based Compensation

As a result of the adoption of fair value accounting for stock options the Corporation recorded stock-based compensation expense of \$44,888 for the nine-month period ended March 31, 2007 (Year ended 2006 - \$172,329). The fair value is determined using the Black-Scholes Option Pricing Model. Prior to the adoption of this standard no compensation was recognized for stock options issued to employees.

Shares Options & Warrants Outstanding

The undiluted total common shares outstanding at March 31, 2007 are as follows:

Shares	Category
23,357,749	Common shares without par value

The fully diluted total common shares outstanding are as follows:

Shares	Category	Expiry Date
758,623	Warrants priced at \$0.10	November 8, 2007
630,000	Options priced at \$0.10	December 16, 2009
100,000	Options priced at \$0.10	September 12, 2011
<u>1,000,000</u>	Warrants priced at \$0.12	April 18, 2008
2,488,623	Total Warrants and Options	
25,846,372	Fully diluted shares outstanding	

If the currently outstanding warrants and options were all exercised immediately, this would provide a total of \$248,862 to the Corporation.

1.10 Fourth Quarter

N/A

1.11 Proposed Transactions

N/A

1.12 Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 impairment of equipment and resource interests, useful lives for depreciation and amortization, and cost allocations to specific projects. Financial results as determined by actual events could differ from those estimates.

1.13 Changes in Accounting Policies

The Company follows the Canadian Institute of Chartered Accountants Handbook (CICA HB) Section 3870 relating to stock-based compensation and other stock-based payments.

Canadian tax legislation permits an enterprise to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investor rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. On the date that the Company renounces flow-through expenditures to the investor and where the Company has sufficient available tax losses or pools of tax deductions, a portion of the Company's future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, is recorded as a recovery of income taxes in the statement of operations.

In the year ended December 31, 2006 there was a recovery of \$287,514 recorded in the statement of operations resulting from this accounting policy adoption. The adoption is permitted under GAAP on a prospective basis. Accordingly there is no effect on prior periods resulting from this accounting treatment.

1.14 Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, GST receivable, amounts due to related parties, accounts payable and a loan payable.

The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity.

The fair value of related party balances cannot be reasonably determined as comparable risk and interest rate profiles are not readily available.

1.15 Other MD&A Requirements

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

In accordance with the requirements of Multilateral Instrument 52-109, Certification and Disclosure in the Company's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were carried out under the supervision of the CEO and CFO as of the end of the period covered by this report.

The CEO and CFO have concluded that the design and operation of disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating to the Company would have been known to them and by others within those entities. The CEO and CFO have also concluded that the Company's internal controls over financial reporting are designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

While there were no changes that occurred for the most recent fiscal period that have materially affected the Company's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next fiscal year.

Additional information relating to Supreme Resource Ltd. can be found on SEDAR at www.sedar.com.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Management has evaluated the effectiveness of the Corporation's disclosure controls and procedures as of March 31, 2007, and concluded that, as of that date, the Corporation's disclosure controls and procedures were effective.