

SUPREME RESOURCES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2010

Management Discussions & Analysis of Operating Results and Financial Condition: Year Ended June 30, 2010

The following discussion and analysis, prepared as of October 27, 2010, should be read in conjunction with the Corporation's audited consolidated financial statements and notes for the year ended June 30, 2010 accompanying this report which are prepared in accordance with Canadian generally accepted accounting principles. 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. is a reporting venture issuer in British Columbia and Alberta and is listed on the TSX Venture Exchange.

1.1 *Date of Report*

October 27, 2010

1.2 *Overall Performance*

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

1.3 *Selected Annual Information*

	June 2010	June 2009	June 2008
Net sales/total revenues	Nil	Nil	Nil
Net loss	\$ (20,207)	\$ (87,727)	\$ (234,243)
Net loss per share (basic & diluted)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Total assets	\$ 713,291	\$ 422,649	\$ 362,227
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

1.4 **Results of Operations**

Ample-Goldmax Property, British Columbia, Canada

The Corporation signed an Option Agreement, dated May 5, 2007, securing an option to acquire a block of mining claims located southwest of Lillooet, British Columbia.

The Agreement was acquired for an initial payment of \$10,000 and requires the issuance, to maintain and exercise it, of 500,000 shares of the Corporation, all of which has been paid and issued. During the year ended June 30, 2010, title to the 25 claims of the property has been transferred to the Company. Claim #529926 was re-staked and replaced by #569211.

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.

TAS Project, Copper Mountain, British Columbia, Canada

On June 21, 2008 the Corporation signed an Option Agreement securing an option to acquire the TAS mineral claim, Tenure #511400, comprising 1,306 hectares (3,227 acres) and located in the Similkameen Mining Division. The TAS Project is in the Copper Mountain Mining Camp, approximately 160kms east of Vancouver and 17kms southeast of the town of Princeton in southern British Columbia. The claim adjoins the Copper Mountain Mining Corporation's property (Similco Mines) on its southeastern boundary. On July 27, 2010, the option agreement was amended.

The option is being acquired for the following consideration and commitments:

- a) Upon signing, \$5,000 (fulfilled)
- b) Pay a further \$25,000 and issue 200,000 common shares on August 1, 2008 (fulfilled, shares issued at \$0.12 per share)
- c) Incurred exploration expenditures of \$150,000 by July 31, 2009 (fulfilled)
- d) Pay a further \$40,000 and issue 200,000 common shares on August 1, 2009 (fulfilled and shares issued at \$0.10 per share)
- e) Incurred exploration expenditures of \$400,000 by July 31, 2010 (subsequently fulfilled)
- f) Pay a further \$30,000 and issue 200,000 common shares on August 1, 2010 (subsequently fulfilled)
- g) Pay a further \$30,000 on October 31, 2010 (subsequently fulfilled)
- h) Incurred exploration expenditures of \$750,000 by July 31, 2011
- i) Pay a further \$100,000 and issue 150,000 common shares on August 1, 2011
- j) Incurred exploration expenditures of \$1,000,000 by July 31, 2012
- k) Pay a further \$200,000 and issue 100,000 common shares on August 1, 2012
- l) Incurred exploration expenditures of \$1,250,000 by July 31, 2013.

During the year ended June 30, 2010, the Company has self-staked 13 new claims within the TAS property area. These new self-staked claims are not related to any of the existing mineral option agreements. The purpose of these new claims is to expand the Company's mineral property in the TAS mining area.

Similkameen Mining Division, BC

On October 26, 2009, the Company entered into an option agreement to acquire a 100% undivided interests of three mineral claims in the Similkameen Mining Division of B.C., Tenure #310302, #313054, #565599, #565600, #565603, #565604, and #602624). The option is being acquired for the following consideration and commitments:

- a) Upon signing, \$5,000 (fulfilled);
- b) Pay a further \$20,000 and issue 60,000 common shares on December 1, 2009 (cash payment fulfilled and shares issued at \$0.10 per share)
- c) Pay a further \$25,000 and issue 70,000 common shares before October 26, 2010.

In addition, on February 17, 2010, the Company acquired a 100% undivided interests of three mineral claims in the Similkameen Mining Division of BC (Tenure #570114; #325851; #325850) by issuing 50,000 common shares of the Company (issued on March 2, 2010). There is no royalty payable and this transaction is within arm's length.

South Princeton, BC

On February 28, 2010, the Company acquired a 100% undivided interests of six mineral claims situated in South Princeton, BC (Tenure # 606944 - 606949) by issuing an aggregate of 125,000 common shares of the Company (issued on April 19, 2010). There is no royalty payable and this transaction is in arm's length.

Reclamation bonds

The reclamation bonds represent term deposits which have been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the Mines Act of British Columbia. The financial institution will hold the security until it receives instructions from the applicant to redeem the security for re-investment of the proceeds in a security specified by the applicant and approved in writing by the Province.

As at June 30, 2010, total reclamation bonds of \$22,500 represent term deposits which have been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the Mines Act of British Columbia were deposited. These deposits bear annual interest rates that ranged from 0.20% to prime rate less 2.05% with maturity dates from April 11, 2011 to September 8, 2011

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.

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:

	June 10	Mar. 10	Dec. 09	Sept. 09	June 09	Mar. 09	Dec. 08	Sept. 08
Net Sales/ Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit (Loss)	\$73,528	\$(27,676)	\$(40,047)	\$(26,012)	\$(20,139)	\$(16,687)	\$(35,508)	\$(15,393)
Basic and diluted Earnings (Loss) per share	\$0.00	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

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.

1.6 Liquidity & Capital Resources

The Corporation's cash balance was \$20,411 (working capital deficiency of \$81,786) at June 30, 2010 compared with a cash balance of \$443 (working capital deficit of \$216,706) at June 30, 2009.

The Company will continue to require funds for ongoing exploration work on its properties as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity will always be available to the Company in the amount required at any particular period or if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over both the near or long term and none are presently contemplated other than as disclosed herein and /or over normal operating requirements.

1.7 Capital Resources

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 mining 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.

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 Related Party Transactions

During the year ended June 30, 2010 the Corporation entered into the following transactions with related parties:

\$9,902 (2009 - \$nil) owed to a director as bridge loan at 1.99% interest annually and due on demand. The amount plus interest was repaid in July 2010.

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.

1.9 Stock Options & Warrants Outstanding

The undiluted total common shares outstanding at June 30, 2010 are as follows:

Shares	Category
37,045,596	Common shares without par value

The fully diluted total common shares outstanding are as follows:

	Category	Expiry Date
500,000	Warrants priced at \$0.20	June 30, 2011
1,896,000	Warrants priced at \$0.20	June 30, 2011
255,000	Options priced at \$0.10	November 16, 2012
2,693,698	Options priced at \$0.10	April 11, 2013
150,000	Options priced at \$0.15	March 30, 2012
200,000	Options priced at \$0.10	March 30, 2012
5,694,698	Total Warrants & Options	

42,740,294	Fully diluted shares outstanding	
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If the currently outstanding warrants and options were all exercised immediately, this would provide a total of \$816,570 to the Corporation.

1.10 Fourth Quarter

On May 3, 2010 the Company announced a non-brokered private placement consisting of up to 4,166,666 units at a purchase price of \$0.12 per unit to raise gross proceeds of up to \$500,000. On May 20, 2010 the Company cancelled this private placement due to poor market conditions. In its place, the Company announced a non-brokered private placement consisting of up to 4,000,000 units at a purchase price of \$0.10 per unit to raise gross proceeds of up to \$400,000. Each unit consisted of one flow-through common share and one-half of a non-transferable share purchase warrant. Each whole warrant entitled the holder to purchase one additional non-flow-through common share in the capital of the Company for a period of one year from the date of issuance, at a purchase price of \$0.15 per share. On June 17, 2010 the Company amended the terms of the private placement to increase the number of warrants forming part of the units from one-half to one whole warrant. Subsequent to June 30, 2010 the Company closed the private placement by the issuance of 2,250,000 units at a purchase price of \$0.10 per unit for gross proceeds of \$225,000. The Company paid finder's fees consisting of an aggregate of \$11,750 in cash and the issuance of 107,500 common shares to arm's length parties.

The soil geochemical survey was carried out over an area of old trenches, including trench-1 that was sampled in March of this year and gave 9 metres of 0.49% copper and 6.86 grams/tonne silver (News release). The survey covered an area 250 metres in a north-south direction by 500 metres in an east-west direction, with grid lines spaced 50 metres apart and samples sites spaced 25 metres apart along the lines. One hundred and twenty-six samples were collected and sent for analysis. The survey outlined a strong northeast-southwest trending copper soil geochemical anomaly associated with trench-1. The copper anomaly extends 200 metres in a northeast direction and 100 metres in a southwest direction from trench-1 and is open to the northeast. The anomaly is 50 to 100 metres wide and copper values range up to 820 ppm.

A second, smaller copper soil geochemical anomaly occurs 100 metres east of the main anomaly. The smaller copper anomaly measures 100 metres by 100 metres with copper values ranging up to 2752 ppm. Silver soil geochemical anomalies occur coincidentally with both of the copper anomalies.

The coincidental copper-silver soil geochemical anomalies associated with the fracture controlled copper-silver-gold mineralization at the Verde project have greatly enhanced the size potential of the property. Supreme expects to conduct additional soil sampling on the Verde project in the coming weeks to determine the extent of the copper-silver soil geochemical anomalies, followed by a core drilling program to test the copper mineralization when the drilling permit has been obtained from the Mines Branch in Kamloops BC.

1.11 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 year. 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.

Significant areas requiring the use of management estimates include assumptions and estimates relating to but not limited to, the determining of mineral resources, fair values for purposes of impairment analysis, reclamation obligations, stock-based compensation and warrants, valuation allowances for future income tax assets, and future income tax liabilities.

1.12 Financial Instruments & Other Instruments

The Corporation's financial instruments consist of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities and due to a related party. The Corporation has classified its cash and cash equivalents as held for trading, which is measured at fair value. Reclamation bonds are classified as held to maturity, which is measured at amortized cost. Accounts payable and accrued liabilities and due to a related party are classified as other financial liabilities, which are measured at amortized cost. As at June 30, 2010, the carrying and fair value amounts of the Corporation's financial instruments related to cash and cash equivalents, accounts payable and accrued liabilities and due to a related party are the same due to their short terms to maturity. The carrying values of reclamation bonds approximate their fair values. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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

1.13 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

1.14 Significant Accounting Policies

All significant accounting policies are fully disclosed in Note 2 of the consolidated financial statements for the year ended June 30, 2010.

Newly adopted accounting policies

On July 1, 2009, the Company adopted CICA amended Handbook Section 1506, *Accounting Changes*, to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. The adoption of these

amendments did not have a material effect on the Company's consolidated financial statements.

On July 1, 2009, the Company adopted CICA amended Handbook Section 3862, *Financial Instruments—Disclosures*, to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements for publicly accountable enterprises. See Note 9 for relevant disclosures.

On March 27, 2009, the Emerging Issues Committee of the CICA issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the year ended June 30, 2010. There was no impact on the consolidated financial statements of the Company.

New Accounting Pronouncements

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements". Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations".

In January 2009, the CICA issued EIC Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The abstract applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2010. The Company is currently assessing the impact of the new standard on its financial statements.

In 2006, the 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 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 July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company is currently assessing the future impact of these amendments on its financial statements and has not yet determined the timing and method of its adoption.

IFRS

The Canadian Accounting Standards Board ("AcSB") has set January 1, 2011 as the date for publicly listed companies to adopt IFRS, replacing Canadian GAAP. Accordingly, IFRS compliant financial statements for the Company will be required for the first quarter of 2012. Comparative figures presented in these financial statements are also required to comply with IFRS.

The Company's conversion plan to transition from Canadian GAAP to IFRS consists of three phases:

- Phase 1 (Scoping and diagnostic) – A preliminary diagnostic review which included the determination, at a high level, of the financial reporting differences and options under IFRS and the key areas that may be impacted was completed in 2009.
- Phase 2 (Impact analysis, quantification and evaluation) – In this phase, the Company will perform a detailed assessment and technical analysis of each area identified from Phase 1 that will result in the conclusion of IFRS transitional adjustments, decisions on accounting policy choices and the drafting of accounting policies. The Company has completed this second phase.
- Phase 3 (Implementation phase) – This phase includes the collection of financial information necessary to compile IFRS compliant financial statements and the preparation of the opening balance sheet as at July 1, 2010 and will be carried out in the second half of calendar year 2010.

Based on the review in Phase 1 and the work to date under Phase 2, a number of key accounting areas were identified where IFRS differs from current GAAP, which are expected to have an impact on the Company's financial statements. These key areas are explained below. It would appear that IFRS will require more extensive disclosure and analysis of balances and transaction in the notes to the financial statements. The Company's review has not identified significant impact on its accounting processes, financial reporting systems and controls.

IFRS 1, First-time Adoption of IFRS

IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective applications of IFRS. The purpose of the options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction. We have analyzed the various exemptions available and are working towards implementing those most appropriate in our circumstances.

Mineral Properties, Exploration and Development Costs

IFRS currently allows exploration and evaluation expenses to be either capitalized or expensed. The Company expects to maintain its new policy of capitalizing exploration and evaluation expenses.

Impairment of Mineral Properties

Canadian GAAP provides for a 2 step test with no impairment being required if the undiscounted future expected cash flows relating to an asset are higher than the carrying value of that asset. Under IFRS, the undiscounted cash flows are not considered and an impairment is recorded when the recoverable amount (defined as the higher of 'value in use' and 'fair value less costs to sell') is below the asset's carrying value.

The Company will be required to adopt the discounted future cash flow approach with respect to impairment analysis of its mineral properties. Impairment under this approach may generate a greater likelihood of write-down in future.

Write down to net realizable value can be reversed under IFRS if the conditions of impairment ceased to exist. This difference in approach between Canadian GAAP and IFRS could result in potentially significant volatility in earnings.

Assets Retirement Obligations

IFRS defines asset retirement obligations ("ARO") as legal or constructive obligations. Under IFRS, ARO is calculated using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability) and is revised every reporting period to reflect changes in assumptions or discount rates. Under Canadian GAAP, ARO is calculated using a current credit-adjusted, risk-free rate for upward revisions and the original credit-adjusted, risk-free rate for downward revisions. The original liability is not adjusted for changes in current discount rate. The change in calculation of ARO and the discounting process will likely generate some changes in the value of ARO on transition.

Stock Based Compensation

Under IFRS, each installment is to be treated as a separate share option grant with graded-vesting features, forfeitures are to be estimated at time of grant and revised if actual forfeitures are likely to differ from previous estimates and options granted to parties other than employees are measured on the date the goods or services received. The concept of employees and other providing similar services under IFRS is a broader concept under IFRS. The Company is currently recording its stock based compensation expenses on a straight line basis over the vesting period and forfeitures as they occur. The transition to IFRS would likely result in more variability in the compensation expenses.

The Company continues to monitor IFRS standards development as issued by the International Accounting Standard Board and the regulators which may affect the timing, nature and disclosure of the Company's adoption of IFRS.

1.15 Risks and Uncertainties

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for resources involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate reserves, and further the development of the property. Capital

expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time.

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

1.16 Subsequent Events and Commitments

On July 19, 2010 the Company announced that it had closed a non-brokered private placement financing by issuing 2,250,000 units (the "Units") at a purchase price of \$0.10 per Unit for gross proceeds of \$225,000. Each Unit consists of one flow-through common share and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one additional non-flow-through common share in the capital of the Company on or before July 14, 2011 at a purchase price of \$0.15 per share. \$40,000 of the funds were received prior to June 30, 2010.

In connection with certain subscriptions of the private placement, the Company paid finder's fees consisting of an aggregate of \$11,750 in cash and issued an aggregate of 107,500 common shares.

On September 15, 2010, the Company announces that terms of an aggregate of 2,396,000 share purchase warrants issued pursuant to a private placement financing have been amended to extend the expiry date from September 29, 2010 (500,000 warrants) and November 19, 2010 (1,896,000 warrants) to June 30, 2011. All other terms and conditions remain constant.

On October 20, 2010, the Company closed a non-brokered private placement financing by issuing 4,714,500 units for gross proceeds of \$431,000.00. The private placement is consisted of the following:

- \$161,800 was raised through issuance of 2,022,500 non flow-through units (NFT units) at \$0.08 per NFT unit. Each NFT unit is consisted of one non-flow through common share and one-half of a transferrable share purchase warrant (NFT warrant).

Each whole NFT warrant entitles the holder to purchase one additional non-flow through common share in the capital of the company on or before October 13, 2011 at \$0.15 per share.

- \$269,200 through issuance of 2,269,200 units of flow-through units at a price of \$0.10 per unit. Each unit is consisted of one flow-through common share and one-half of a transferrable share purchase warrant. Each whole warrant will entitle holder to purchase one additional non-flow through common share at \$0.15 per share of the Company on or before October 13, 2011.

In connection with certain subscriptions of the private placement, the Company paid an aggregate of \$25,500 in cash finder's fee and issued 190,100 common shares. The finder's fees represent 10% of the gross proceeds raised through the private placement.

On March 3, 2010, the Company has entered into an one-year consulting contract with a third party consulting firm at a gross rate of \$12,000 over a 12 month period. The Company has paid all \$12,000 up front and recorded the balance in prepaid expense. As of June 30, 2010, there is approximately \$8,000 remaining balance in prepaid expense. This prepaid balance will amortize at a rate of \$1,000 per month until March 2, 2011.

On July 27, 2010, the option agreement on the TAS mineral claim was amended to extend payment of \$30,000 from August 1, 2010 to October 31, 2010 and various payments and exploration expenditures were performed or completed subsequent to June 30, 2010. See above 1.4 Results of Operations for detail.

The bridge loan of \$9,902 from a director was repaid in July 2010.

1.17 Other MD&A Requirements

The Corporation'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 Corporation.

In accordance with the requirements of Multilateral Instrument 52-109, Certification and Disclosure in the Corporation'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 year covered by this report.

The CEO and the CFO of the Corporation are responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with Canadian generally accepted accounting principles. We have designed and implemented a system of internal controls over financial reporting which we believe is effective for a company of our size. During the review of the design of the Corporation's control system over financial reporting it was noted that due to the limited number of staff, there is an inherent weakness in the system of internal controls due to our inability to achieve appropriate segregation of duties. The limited number of staff may also result in identifying weaknesses with respect to accounting for complex and

non-routine transactions due to a lack of technical resources, and a lack of controls governing our computer systems and applications within the Corporation. While management of the Corporation has put in place certain procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, it is not possible to provide absolute assurance that this risk can be eliminated.

While there were no changes that occurred for the most recent fiscal year that have materially affected the Corporation'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 June 30, 2010, and concluded that, as of that date, the Corporation's disclosure controls and procedures were effective.

This management discussion and analysis for the year ended June 30, 2010 has been approved by the Board of Directors of the Corporation.

"Allan Levien"

Allan E. Levien, Director & President

"John D. Davies"

John D. Davies, Director & CFO