

Balance Sheet

NAIKUN WIND ENERGY GROUP INC.

(formerly Uniterre Resources Ltd. - see note 1)

Interim Consolidated Balance Sheet

(Unaudited - Prepared by Management without Auditor's Review)

	December 31 2006	September 30 2006
Assets		
Current		
Cash and cash equivalents	\$ 2,707,085	\$ 1,823,004
Accounts receivable	82,971	43,532
Share subscriptions receivable (Note 3)	-	1,120,000
Prepaid expenses	22,215	22,170
	2,812,271	3,008,706
Rent deposit	16,759	16,759
Investments (Note 4)	425	425
Property, Plant and Equipment (Note 6)	83,190	48,319
Deferred Financing Costs (Note 7)	164,876	188,430
	\$ 3,077,521	\$ 3,262,639
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 289,324	\$ 89,593
Debentures Payable (Note 8)	1,880,000	1,880,000
Asset Retirement Obligation	62,000	62,000
	2,231,324	2,031,593
Commitments (Note 14)		
Shareholders' Equity		
Share Capital (Note 9)	7,299,042	6,978,244
Contributed Surplus (Note 10)	542,850	79,450
Deficit	(6,995,695)	(5,826,648)
	846,197	1,231,046
	\$ 3,077,521	\$ 3,262,639

Approved by the Board:

Director: "Michael H. Altman"

Director: "Steve Sanders"

Operating Statements

NAIKUN WIND ENERGY GROUP INC.
(formerly Uniterre Resources Ltd. - see note 1)
Interim Consolidated Statement of Loss and Deficit
(Unaudited - Prepared by Management without Auditor's Review)
For the three months ended December 31, 2006 and 2005

	Three months ended December 31	
	2006	2005
Revenue		
	\$	\$
Petroleum and natural gas sales, net of royalties	35,532	68,797
Direct Expenses		
Operating costs	9,415	3,499
Severance and ad valorem taxes	199	6,371
Depletion and amortization	1,500	2,440
	11,114	12,310
Gross Profit	24,418	56,487
Administrative Expenses (Notes 11 and 13)		
Administrative management	194,656	36,942
Amortization of financing costs	23,554	-
Consulting	25,000	7,845
Depreciation	3,500	
Engineering costs	215,157	-
Insurance	3,418	856
Interest on debentures payable	41,205	
Office and miscellaneous	19,341	3,572
Public relations	39,992	17,464
Professional fees	23,709	26,243
Rent	3,326	383
Stock-based compensation	506,000	-
Transfer agent fees and shareholder costs	74,937	4,115
Travel	34,973	27,142
Telephone and utilities	3,168	629
	1,211,936	125,191
Operating Loss	(1,187,518)	(68,704)
Other Revenues (Expenses)		
Foreign exchange gain	7,762	24,183

Investment income	10,709	706
Gain (loss) on sale of investments	-	(5,000)
	<u>18,471</u>	<u>19,889</u>
Net Loss	(1,169,047)	(48,815)
Deficit , beginning of period, as previously reported	(5,826,648)	(5,130,508)
Adjustment to the prior period (Note 9)	-	(44,000)
Deficit , beginning of period, as restated	<u>(5,826,648)</u>	<u>(5,174,508)</u>
	\$	\$
Deficit , end of period	<u>(6,995,695)</u>	<u>(5,223,323)</u>
	\$	\$
Loss per common share	<u>(0.08)</u>	<u>(0.01)</u>

Cash Flows

NAIKUN WIND ENERGY GROUP INC.
(formerly Uniterre Resources Ltd. - see note 1)
Interim Consolidated Statement of Cash Flows
(Unaudited - Prepared by Management without Auditor's Review)
For the three months ended December 31, 2006 and 2005

	Three months ended December 31	
	2006	2005
Cash flows from operating activities		
Loss for the period	\$ (1,169,047)	\$ (48,815)
Items not affecting cash		
Depreciation, depletion and amortization	5,000	2,440
Amortization of financing costs	23,554	
Stock-based compensation	506,000	-
	(634,493)	(46,375)
Changes in non-cash working capital, net	160,247	(24,308)
	(474,246)	(70,683)
Cash flows from investing activities		
Proceeds on sale of investments	-	4,696
Purchase of property, plant and equipment	(39,871)	-
Increase (decrease) in asset retirement obligation	-	2,000
	(39,871)	6,696
Cash flows from financing activities		
Proceeds on issuance of common shares	278,198	-
Financing costs on issuance of common shares	-	-
Receipt of share subscription receivable	1,120,000	-
	1,398,198	-
Increase in cash and cash equivalents during the period	884,081	(63,987)
Cash and cash equivalents, beginning of period	1,823,004	128,121
	\$	\$
Cash and cash equivalents, end of period	2,707,085	64,134

1. Nature and Continuance of Operations

Beginning in fiscal 2003 and continuing to date, the main focus of the Company has been directed towards the development of renewable wind energy projects off the north west coast of British Columbia. To better portray its main focus, the Company changed its name to NaiKun Wind Energy Group Inc., effective November 3, 2006. The company's wind energy projects are in the development stage.

Historically, the Company was a junior natural resources Company that focused its efforts on the exploration, development and acquisition of petroleum and natural gas assets and mineral interests. The Company's petroleum and natural gas interests in Canada and the United States are in the production stage.

The Company's mineral interests are in the exploration stage and on the basis of information to date may not have economically recoverable reserves. The recovery of costs incurred on these properties and related deferred expenditures is largely dependent on the existence of mineral reserves and the economic recovery of such reserves in the future.

These financial statements have been prepared in accordance with generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities. The Company's ability to continue as a going concern is dependant upon the Company achieving profitable results and attracting sufficient capital to continue to develop its wind energy projects.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of NaiKun Wind Energy Group Inc. and its wholly-owned Canadian subsidiaries, NaiKun Wind Development Inc., ("Devco"), a British Columbia registered Company and Patriot Energy Company Ltd., an Alberta registered company, and its wholly owned United States subsidiary, Austar Resources (U.S) Corporation, a Texas corporation.

During the year ended September 30, 2006, Devco issued 300,000 shares to directors and officers of both the Company and Devco, thereby legally rendering the Company as a minority shareholder of Devco. During the current quarter, the Company completed a share for share exchange with these directors and officers and acquired a 100% interest in Devco. All material inter Company transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term deposits, with initial maturity dates of less than three months, held in major financial institutions.

Investment in Shares

Investments are valued at cost or in the case of permanent impairment, at net realizable value.

Mineral Properties and Interests

The cost of acquisitions of mineral properties and of related exploration expenditures are capitalized. These costs would be amortized against future production following commencement of commercial production or written off if the properties are sold or abandoned. Management will writedown the properties on the basis of impairment of value. The recorded costs are not intended to reflect present or future value.

The Company may acquire or sell mineral properties pursuant to option agreements. Because options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until such time as the option payment is made. Option payments received are applied to reduce the the accumulated costs related to the mineral properties. Receipts in excess of the accumulated cost are recorded as income.

Wind Energy Project

Since inception, the wind energy project has not earned revenues and is considered to be in the development stage. The costs associated with the research and the development of the wind energy project have been expensed. Development costs are expensed as incurred unless they meet certain specified criteria for deferral and amortization. The Company has not deferred any developments costs as the criteria for deferral have not been met. A summary of the project costs incurred has been provided for in Note 11 to these financial statements.

Property and Equipment

The Company follows the full cost method of accounting for its petroleum and natural gas properties whereby all costs related to the exploration for and development of petroleum and natural gas reserves are capitalized to cost centres on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical expenditures, carrying costs on undeveloped properties and costs of drilling both productive and non-productive wells. Estimated future costs to shut down wells are accrued as an operating cost in the current year.

Substantially all of the Company's petroleum and natural gas activities are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

Depletion is calculated by the units-of-production method based on the estimated proved reserves of petroleum and natural gas. In addition, the capitalized costs are subject to a "ceiling test", which limits such costs to an amount equal to the estimated value of future net revenues from recoverable reserves plus the net cost of major development projects and unproved properties, less future general and administrative costs, financing costs and income taxes.

Office equipment is stated at cost and amortized on a straight-line basis over their estimated useful lives.

Environmental Issues and Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they incur and/or in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived assets. Subsequently, asset retirement costs for natural gas and and crude oil are amortized using the unit-of-production method. Amortization of asset retirement costs are included in depletion and amortization.

Increases in the asset retirement obligation resulting from the passage of time are recorded as accretion of asset retirement obligation in earnings. Asset retirement obligations include those legal obligations where the Company will be required to retire tangible long-lived assets such as producing well sites.

The operations of the Company may in the future be affected by changes in the environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures. The Company is unaware of any new regulations that would require significant changes to its asset retirement obligations.

Deferred Financing Costs

The Company capitalizes costs related to the issuance of debt instruments and charges these costs to operations over the term of the debt instruments.

Future Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. A valuation allowance is recognized to the extent it is more likely than not that these future income taxes will not be recognized.

Flow Through Shares

The Company has financed a portion of its wind development and petroleum and natural gas activities through the issue of flow through shares. Under the terms of the flow through share agreements, the income tax attributes of the related expenditures are renounced to the subscribers. Share capital and petroleum and natural gas properties are reduced by the estimated amount of future income tax liability, if any, at the time of the expenditure.

Stock Based Compensation

The Company has a stock-based compensation plan, as described in Note 9 (b), and is in the process of finalizing a restricted stock unit plan, as described in Note 9 (d). Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected useful lives of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair values of stock-based compensation are charged to expense with offsetting amounts recognized as contributed surplus.

Foreign Currency Translation

The financial statements of the U.S. subsidiary are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the prevailing period end exchange rate. Revenues and expenses are translated at the average rate of exchange for the period. All other accounts are translated at rates prevailing when the transactions occurred. All exchange gains and losses are included in the determination of net earnings for the year.

Revenue Recognition

Revenues from the sale of petroleum and natural gas are recognized at the time ownership transfers and collection is reasonably assured.

Use of 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the amounts of the revenue and expenses recorded during the reporting periods. To these financial statements, the most significant application of estimates is in the assessment of the underlying value of investments, mineral properties and petroleum and natural gas properties. Actual results could differ from those estimates and these differences could have a significant impact on the financial statements.

Measurement Uncertainty

Certain amounts recognized in the financial statements are subject to measurement uncertainty.

The investment in and expenditures on resource properties comprise a portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties which are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The recognized amounts of such items are based on the Company's best information and judgement. Such amounts may change materially in the future as management continues to gather information.

Financial Instruments

(i) Fair value

The fair value of the Company's cash and cash equivalents, accounts receivable, share subscription receivable, accounts payable and accrued liabilities, and debentures payable at September 30, 2006 and 2005 is estimated to approximate their carrying values because of their short-term nature.

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- (ii) Interest rate risk
The Company is not exposed to significant interest rate risk because of the short-term maturity of its monetary assets and liabilities.
- (iii) Credit risk
The Company is exposed to credit risk with respect to its cash and short-term deposits. However, the risk is minimized as cash and short term deposits are held at major financial institutions.
- (iv) Translation risk
The Company is exposed to translation risk to the extent of unspent funds, receivables, and payables denominated in foreign currencies.

Loss Per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of common and common equivalent shares outstanding during the period using the "treasury stock" method. Common equivalent shares consist of incremental common shares issued upon the exercise of in the money stock options and warrants unless their effect is anti-dilutive. The Company has had a net loss for all years presented herein, therefore, none of the options or warrants outstanding during each of the periods presented was included in the computation of diluted loss per share as they were anti-dilutive.

Comparative Amounts

Certain comparative amounts have been reclassified to conform with the presentation format adopted in the current year.

3. Share Subscriptions Receivable

On September 22, 2006, the Company completed a private placement and issued into escrow 2,240,000 flow-through common shares at \$0.50 per share (Note 9). The amount of \$1,120,000 was held in escrow pending security regulatory approval of the transaction. On October 11, 2006, securities regulatory approval was granted and the funds were released from escrow.

4. Investments

	December 31 2006	September 30 2006
Austpro Energy Corp., 21,250 shares	\$425	\$425

5. Mineral Interests

During the year ended September 30, 2006, the Company determined that the recovery of costs on its mineral claims and deferred expenditures was unlikely and, therefore, the property interests and deferred expenditures were written down to nil.

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Porcupine Mining Division

The Company has a 100% interest in three mineral leases.

Lillooet Mining Division

The Company holds a 100% interest in nineteen Crown Granted mineral claims.

6. Property, Plant and Equipment

	Cost	Accumulated Depletion and Amortization	Dec. 31 Net 2006	Sept. 30 Net 2006
Petroleum and natural gas properties	\$613,670	\$592,170	\$21,500	\$23,000
Office equipment	81,212	19,522	\$61,690	25,319
	\$694,882	\$611,692	\$83,190	\$48,319

7. Deferred Financing Costs

The Company incurred commissions and related costs of \$188,430 in raising funds through issuing convertible debenture units (Note 8). These costs have been deferred and are being amortized over the next two years to match the term of the convertible debentures payable.

8. Debentures Payable

During the year ended September 30, 2006, the Company issued 1,880 convertible debenture units by way of a private placement for net proceeds of \$1,691,570. Each debenture unit consists of one debenture with a principal amount of \$1,000, bearing interest at 8% per annum payable semi-annually in cash or shares at the option of the Company, maturing on March 22, 2009. Each debenture, at the option of the holder, or under certain circumstances, the company can be converted into 2,000 common shares at a deemed value of \$0.50 per common share. Additionally, each debenture unit includes 1,000 warrants each exercisable into one common share for 24 months from closing at an exercise price of \$0.55 per common share.

Subsequent to December 31, 2006, debentures with an aggregate face value of \$225,000 were converted into 450,000 common shares.

9. Share Capital

a) Authorized and Issued

Authorized: 100,000,000 common shares of no par value
 20,000,000 first preferred shares of no par value

Issued and outstanding:

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		Common Shares			
		Issued	Held in Treasury	Outstanding	Book Value
Balance, September 30, 2005		8,800,815	4,808	8,796,007	5,897,837
(a)	August 4, 2006	50,000		50,000	10,880
(b)	September 22, 2006	2,240,000		2,240,000	1,064,107
(c)	September 25, 2006	25,000		25,000	5,420
Balance, September 30, 2006		11,115,815	4,808	11,111,007	6,978,244
(d)	October 11, 2006	3,210,000		3,210,000	0
(e)	November 23, 2006	210,000		210,000	27,300
(f)	December 1, 2006	1,105,913		1,105,913	250,898
Fair value of stick options exercised					42,600
Balance, December 31, 2006		15,641,728	4,808	15,636,920	7,299,042
Subsequent to year end:					
(g)	Private placement	27,723		27,723	15,000
(h)	On conversion of debentures	450,000		450,000	225,000
(i)	On exercise of warrants - debentures	125,000		125,000	68,750
(j)	On exercise of options	100,000		100,000	20,000
(k)	On exercise of broker options	4,996		4,996	2,498
		16,349,447	4,808	16,344,639	7,630,290

- (a) 50,000 common shares issued to an officer of the Company upon exercise of stock options at \$0.13 per share for cash proceeds of \$6,500. The above book value includes the fair value of the stock options exercised of \$4,380
- (b) 2,240,000 flow-through common shares issued into escrow upon completion of a private placement at \$0.50 per share for net proceeds of \$1,064,107. Subsequent to year end, on October 11, 2006, regulatory approval for the transaction was granted and the shares were released from escrow.
- (c) 25,000 common shares issued to a director of the Company upon exercise of stock options at \$0.13 per share for cash proceeds of \$3,250. The above book value includes a fair value of the stock options exercised of \$2,170
- (d) 3,210,000 common shares issued to directors and officers of the Company under the terms of a share exchange agreement for all of the issued and outstanding shares of Nai Kun Wind Development Inc. held by those directors and officers.
- (e) 210,000 common shares issued to directors of the Company upon exercise of stock options at \$0.13 per share for cash proceeds of \$27,300.

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- (f) 1,105,193 common shares issued, consisting of 860,193 common shares issued upon exercise of warrants at \$0.25 per share for cash proceeds of \$215,048, 200,000 common shares issued to a director of the Company upon exercise of stock options at \$0.15 per share for cash proceeds of \$30,000, and 45,000 common shares issued to a director of the Company upon exercise of stock options at \$0.13 per share for cash proceeds of \$5,850.

Subsequent to December 31, 2006

- (g) 27,273 common shares issued to a public relations firm at \$0.55 per share for cash proceeds of \$15,000.
450,000 common shares were issued on the conversion of \$225,000 of debentures at a
- (h) deemed
value of \$0.50 per common share.
125,000 common shares were issued on the exercise of warrants attached to the debentures
- (i) at
\$0.55 per common share for cash proceeds of \$68,750.
- (j) 100,000 common shares issued to a consultant upon exercise of stock options at \$0.20 per share for cash proceeds of \$20,000.
4,996 common shares issued upon the exercise of a portion of the compensation option at
- (k) \$0.50 per
share for cash proceeds of \$2,498.

b) Stock Options

Options price and Expiry date	September 30 2005	Expired	Granted	Exercised	September 30 2006
\$0.10, December 9, 2005	285,000	285,000			0
\$0.10, February 15, 2006	130,000	130,000			0
\$0.15, March 25, 2009	250,000				250,000
\$0.15, September 9, 2009	50,000				50,000
\$0.20, December 23, 2009	100,000				100,000
(a) \$0.13, December 9, 2011			480,000	75,000	405,000
	815,000	415,000	480,000	75,000	805,000

- (a) On March 9, 2006, the Company granted stock options to directors and officers of the Company.

On August 4, 2006, upon exercising certain stock options, the Company issued 50,000 common shares to a director of the Company at \$0.13 per share for cash proceeds of \$6,500. On September 25, 2006, upon exercising certain stock options, the Company issued 25,000 common shares to a director of the Company at \$0.13 per share for cash proceeds of \$3,250.

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Options price and Expiry date	September 30 2006	Expired	Granted	Exercised	December 31 2006
(b) \$0.15, March 25, 2009	250,000			200,000	50,000
\$0.15, September 9, 2009	50,000				50,000
\$0.20, December 23, 2009	100,000				100,000
(b) \$0.13, December 9, 2011	405,000			255,000	150,000
(c) \$0.42, October 16, 2007			100,000		100,000
(d) \$0.72, November 29, 2011			1,012,500		1,012,500
	805,000	0	1,112,500	455,000	1,462,500

The following stock options were exercised or granted in the three months ended December 31, 2006:

- (b) On November 23, 2006, the Company issued 210,000 common shares to certain directors and officers of the Company at \$0.13 per share for cash proceeds of \$27,300.
- (b) On December 1, 2006, the Company issued 200,000 common shares to a director of the Company at \$0.15 per share for cash proceeds of \$30,000 and 45,000 common shares to a director of the Company at \$0.13 per share for cash proceeds of \$5,850.
- (c) On October 17, 2006, the Company engaged an investor relations firm and granted options entitling the firm to purchase up to 100,000 common shares of the Company at an exercise price of \$0.42 per share. The options vest in stages over a 12-month period in accordance with TSX Venture Exchange regulations.
- (d) On November 29, 2006, the Company granted stock options to directors and officers of the Company to acquire up to 1,012,500 common shares at \$0.72 per share, expiring November 29, 2011.

Subsequent to December 31, 2006, the Company issued the following common shares

- 100,000 common shares issued to a consultant on the exercise of a stock option at \$0.20 per share for cash proceeds of \$20,000.
- 4,996 common shares issued upon the exercise of a portion of the compensation option at \$0.50 per share for cash proceeds of \$2,498.

Compensation Expense

During 2003, the Canadian Institute of Chartered Accountants amended CICA 3870 "Stock Based Compensation and Other Stock-Based Payments". The pronouncement requires expensing stock options effective for fiscal years beginning on or after January 1, 2004. For the quarter ending Dec 31st 2006 the Company booked \$506,000 of compensation expense. No options were granted during 2005.

The fair value of stock options granted to directors and consultants is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grants made during the quarter ending December 31, 2006.

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Risk - free interest rate	3.90%
Estimated volatility	100%
Expected useful life	5.1 years
Dividend yield	nil

The weighted average fair value of all stock options granted during the quarter to the Company's directors and consultants was \$0.48 per share option.

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

The weighted average exercise price of options during 2006 is presented below:

	Dec 31, 2006		Sept 30, 2006	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, beginning of year	805,000	0.13	815,000	0.13
Granted	1,112,500	0.15	480,000	0.15
Exercised	-455,000	0.14	-75,000	0.14
Expired		0.15	-415,000	0.15
Balance at end of period	1,462,500		805,000	

c) Share Purchase Warrants

Year of Issue	September 30 2005	Granted	September 30 2006	Exercised	December 31 2006
(a) 2005	860,193		860,193	860,193	0
(b) 2006		1,880,000	1,880,000		1,880,000
(c) 2006		1,120,000	1,120,000		1,120,000
	860,193	3,000,000	3,860,193	860,193	3,000,000

- (a) 860,193 share purchase warrants issued entitling the holder to acquire up to 860,193 common shares for a period of two years at a price of \$0.22 per share (expired in November 2004) for the first year and \$0.25 per share for the second year. On December 1, 2006, 860,193 common shares were issued upon exercise of these warrants at \$0.25 per share for cash proceeds of \$215,048.
- (b) 1,880,000 share purchase warrants issued with the debenture units (Note 8) entitling the holder to acquire up to 1,880,000 common shares for a period of two years at a price of \$0.55 per share (expiring in September 2008).

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- (c) 1,120,000 share purchase warrants issued with the flow-through units (Note 3) entitling the holder to acquire up to 1,120,000 common shares for a period of two years at a price of \$0.55 per share (expiring in September 2008).

(d) Restricted Stock Unit Plan

On September 29, 2006, the shareholders approved a restricted stock unit plan whereby up to 15,000,000 shares may be granted to various parties that provide services to the company at a price of \$0.60 per share. Under this plan shares may not be exercised until the company receives construction financing for the NaiKun Wind Farm project and/if other specified events take place.

10. Contributed Surplus

The Company's contributed surplus is comprised of the following:

	December 31 2006	September 30 2006
Balance, beginning of period	\$79,450	\$44,000
Stock-based compensation (Note 9)	506,000	42,000
Stock options exercised, transfer to share capital	-42,600	-6,550
Balance, end of year	\$542,850	\$79,450

11. Wind Project Costs Under Development

For the past three years the Company has been developing a wind energy project. As mentioned in Note 2 to these financial statements, all costs relating to this project have been expensed and accordingly are reflected in the consolidated statement of operations. To date, expenditures have been directed to ensuring the feasibility of the project. Costs incurred specific to the project are as follows:

	Three months to December 31, 2006	Cumulative to September 30, 2006	Total
Expenses			
Administrative management	175,618	\$353,670	\$529,288
Consulting	32,100	1,011,114	\$1,043,214
Engineering costs	215,157		
Government appraisal fees		38,405	\$38,405
Insurance		6,645	\$6,645
Office expenses	15,641	46,516	\$62,157
Professional fees	3,870	416,784	\$420,654
Public relations & Communications*	15,615	205,604	\$221,219
Research		88,890	\$88,890
Travel	34,973	261,059	\$296,032
	\$492,974	\$2,428,687	\$2,706,504

* Public relations & Communications includes telephone and postage amounts

NAIKUN WIND ENERGY GROUP INC.

(formerly Uniterre Resources Ltd. - see note 1)

Notes to Interim Consolidated Financial Statements

(Unaudited - Prepared by Management without Auditor's Review)

December 31, 2006

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12. Income Taxes

Uniterre Resources Ltd., its wholly owned subsidiary, Patriot Energy Company Ltd. and Nai Kun Wind Development Inc. have accumulated certain resource-related deductions amounting to \$2,072,000 (2005: \$1,811,000) and operating losses of \$1,647,000 (2005: \$1,499,000 which are available to reduce Canadian taxable income in future years. The operating losses expire in varying amounts as follows:

2007 - \$46,000
2008 - \$51,000
2009 - \$520,000
2010 - \$391,000
2014 - \$215,000
2015 - \$345,000
2016 - \$79,000

In addition, the United States wholly-owned subsidiary, Austar Resources (U.S.) Corporation, has loss carry forwards for U.S. income tax purposes of U.S. \$2,000 (2005: U.S. \$200,000) which expire in 2016.

The future tax benefits of the operating losses, and the future tax benefits of the temporary differences between the tax and accounting bases of assets and liabilities have not been recognized in these consolidated financial statements since these benefits are unlikely to be realized in the foreseeable future.

13. Related Party Transactions

The Company has no employees. It contracts for management, legal and administrative services and until December 1st, 2006 rented office space from companies controlled by officers or directors. For the quarter ended December 31, 2006, \$171,500 of these expenses were charged to consolidated operations (quarter ended December 31, 2005 - \$20,880, and year ended September 30, 2006 \$118,803). These transactions with related parties are in the normal course of operations and have been measured at the exchange amount, which is the amount of the consideration established and agreed by the related parties and which are considered similar to those negotiable with third parties.

The Company is related to Austpro Energy Corporation (Note 4) through common directors and officers.

14. Commitments

The Company entered into a lease agreement for premises commencing December 1, 2006 and ending on October 31, 2011. The minimum annual lease payments are as follows:

2007	\$82,417
2008	\$98,900
2009	\$98,900
2010	\$106,067
2011	\$107,500
2012	\$8,958
<hr/>	
Total	\$502,742

warrant and \$1.80 will acquire one additional common share. The warrants will expire May 30, 2008. Northern Securities will receive a commission of 8% and broker warrants for 8%.