

NaiKun Wind Energy Group Inc.

Management's Discussion & Analysis For the three and nine months ended June 30, 2007

August 27, 2007

This Management's Discussion and Analysis ("MD&A") reviews the activities of NaiKun Wind Energy Group Inc. ("NaiKun" or the "Company") and compares the financial results for the quarter and 9 months ended June 30, 2007 with those of the same periods ended June 30, 2006. For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the unaudited interim financial statements and the accompanying notes for the relevant periods, copies of which are filed on the SEDAR website.

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles, and these statements are filed with the relevant regulatory authorities in Canada. All monetary amounts are in Canadian dollars unless otherwise stated.

Forward-Looking Information and Report Date

This MD&A contains certain forward-looking information. All information, other than historical facts included herein, including without limitation, data regarding future plans and objectives of NaiKun, is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and future events and actual results could differ materially from those anticipated in any forward-looking information.

The forward-looking information is only provided as of the date of this MD&A, August 27, 2007 (the "Report Date").

Description and Overview of Business

Beginning in fiscal 2003 and continuing to date, the Company's focus began to shift towards the development of renewable wind energy projects off the northwest coast of British Columbia (the "NaiKun Wind Farm"). To better reflect this focus, effective November 3, 2006, the Company changed its name to NaiKun Wind Energy Group Inc. Management continues to examine prospects for additional wind development both in British Columbia and elsewhere in Canada.

Historically, the Company was a junior natural resources company that had focused its efforts on the exploration, development and acquisition of petroleum and natural gas assets and mineral interests. The Company will continue to generate revenue from its producing wells, but has no further plans to explore, develop, or acquire existing or new properties. During fiscal 2006, the Company continued its divestment of its non-producing oil and gas assets and mineral interests, and wrote-down its remaining property interests and deferred development expenditures to nil.

In the first three quarters of 2007, the Company continued with its efforts to develop the NaiKun Wind Farm project (the “Project”). The previously issued permits from the Council of the Haida Nation and the federal and provincial governments for the study and investigation of the Project and the installation of a wind measurement mast have been extended. The Company continues to work closely with the representatives of the Haida Nation and has committed to provide assistance to them in resolving certain power problems on Haida Gwaii.

During fiscal 2006, significant changes took place in the process by which the Government of British Columbia interacts with BC Hydro. In this time period the Government of British Columbia received the report of the BC Progress Board which highlighted the size of the shortfall of generation in the Province as well as the need for the extended forward planning for additional generation. Subsequently, the British Columbia Cabinet rejected BC Hydro’s position on Site C (a large dam site on the Peace River) and took control of the preparation of the Integrated Electricity Plan for the Province of British Columbia and endorsed the need for wind power in the Province.

These changes have been further emphasized by the Speech from the Throne by Gordon Campbell’s government whereby the Government of British Columbia committed the Province to a net zero emissions policy for electrical generation, a requirement that 90% of all new generation be from clean or renewable sources and the requirement of 100% carbon sequestration for all coal fired electrical generating facilities. These new policies were confirmed by the issuance of the new Energy Plan on February 27, 2007.

The Company, in conjunction with other wind developers in the province, continues to work with BC Hydro and the British Columbia Transmission Corporation to ensure that wind becomes a preferred option for future energy purchases by BC Hydro. Additionally, the Company continues to examine more closely the possibility of selling power from the project to purchasers outside of the province.

The Company is also working on the Haidalink project (“HaidaLink”), whereby power from the Project would be transmitted to Haida Gwaii by way of an undersea cable thus allowing Haida Gwaii to displace a portion of the diesel generation that it is currently using to generate power. HaidaLink has the additional benefit of connecting Haida Gwaii to the BC Hydro grid.

During the quarter ended June 30, 2007, the Company has:

- a) entered into an agreement with the Haida Power Authority to set forth the preliminary terms and conditions for the operation of NaiKun Wind Operating Inc. (“Opco”) which will operate the proposed wind farm. As part of the agreement, the Haida Power Authority would acquire 50% of Opco and participate in its management;
- b) executed a memorandum of understanding with Siemens Power Transmission and Distribution (“Siemens”) whereby Siemens would assess the transmission requirements and solutions for the Project and subject to the successful completion of this assessment would conduct the Engineering, Procurement and Construction for the transmission system; and
- c) executed an agreement with Germanisher Lloyd to become the certification engineers for the Project.

During the nine months ended June 30, 2007, the Company has expended \$2,163,203 on the Project. The primary expense of \$1,668,909 was for engineering and research fees in connection with data gathering and the analysis thereof and preliminary design work for the construction of the wind farm. Additional costs were incurred in the payment of fees to lawyers and accountants in connection with the preparation of the flow-through unit documentation and the related income tax and accounting issues. Costs for public relations, communications, administrative management and consulting were expended in furthering the cause of wind energy in British Columbia generally, with a focus on obtaining an Electricity Purchase Agreement with BC Hydro for the Project. The Company's energy consultants continue to monitor the present and future cost of electricity and natural gas, and the ongoing electricity market to assess the project's economic viability. Additionally, the Company's consultants continue to assess the evolving technological alternatives for turbines, foundations, and cabling. Travel costs of \$129,231 were expended during the nine months ended June 30, 2007 for meetings with First Nations and other regional communities, site inspections, and travel by representatives of the Company to meet with equipment and service suppliers in Europe.

As of June 30, 2007, the Company has incurred and expensed more than \$4,591,890 on the Project. In addition, costs relating to the wind measuring equipment amounting to \$113,892 have been capitalized. Management believes that these expenditures will provide significant present and future value.

The Company continues to earn oil and gas revenues from its operating wells in the United States and Canada. The price for hydrocarbons in the quarter declined from previous highs and when added to the continued disposition of these assets by the Company to focus on its core business resulted in a reduced cash flow. For the quarter ended June 30, 2007, oil and gas revenues were \$20,064 before expenses resulting in a gross profit of \$13,669.

Due to the substantial expenditures on the NaiKun Wind farm project, the Company suffered a net loss of \$1,272,336 for the quarter ended June 30, 2007.

The Company's petroleum, natural gas and mineral interests are in Canada and the United States. Management continues to deemphasize the Company's involvement in this industry and continues to seek methods of generating value from its remaining mineral assets. Management is of the view that the Company's best opportunity for success lies in focusing its efforts on wind power.

Selected Annual Information

The following table sets forth selected financial results for the Company for the quarters ended June 30, 2007, and June 30, 2006 and the total assets and total liabilities as at June 30, 2007 and September 30, 2006. This information should be read in conjunction with those financial statements and the notes thereto.

	<u>Quarter Ended June 30, 2007</u>	<u>Quarter Ended June 30, 2006</u>
Total Revenue	\$20,064	\$40,349
Net Loss	\$1,272,336	\$29,831
	<u>As at June 30, 2007</u>	<u>As at September 30, 2006</u>
Total Assets	\$6,979,657	\$3,262,639
Total Liabilities	\$369,919	\$2,031,593

Net Sales or Total Revenues

The primary source of revenues continues to be the sale of petroleum and gas from its existing wells in Canada and the United States.

Net Loss

The Company continues to suffer losses as it develops the NaiKun Wind Farm project and records the majority of the project costs as expenses.

Total Assets

The decrease in total assets in the quarter is primarily due to expenses related to the NaiKun Wind Farm project.

Results of Operations

The Company reported a loss of \$1,272,336 and cash outflows from operations of \$ 1,359,022 for the quarter ended June 30, 2007, compared with a loss of \$29,831 and cash outflows from operations of \$ 43,427 for the same period 2006. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going-concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business.

For the quarter, total revenues were \$20,064 in 2007 as compared to \$40,349 in 2006 primarily from the petroleum and natural gas properties. During the quarter ended June 30, 2007, the Company also recorded interest income of \$59,608 (vs. \$121 for the same quarter in 2006).

Expenses consist primarily of general, administrative and engineering expenses and for the quarter ended June 30, 2007 totaled \$1,330,676 compared to \$53,771 for the same period ended June 30, 2006. The increase in expenditures is primarily due to the development of the NaiKun Wind Farm Project.

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Three Months Ended	Revenues	General & Administrative Expenses - \$	Net Income (Loss) - \$	Basic Earnings (Loss) per share - \$	Fully Diluted Earnings (Loss) per share - \$
30-Jun-07	20,064	1,330,676	(1,272,336)	(0.05)	(0.05)
31-Mar-07	33,217	1,092,349	(528,064)	(0.03)	(0.03)
31-Dec-06	35,532	1,211,936	(1,169,047)	(0.08)	(0.08)
30-Sep-06	46,938	154,153	(524,995)	(0.06)	(0.06)
30-June-06	40,349	53,785	(29,845)	(0.00)	(0.00)
31-Mar-06	82,089	131,753	(48,485)	(0.01)	(0.01)
31-Dec-05	68,797	130,191	(48,815)	(0.01)	(0.01)
30-Sep-05	74,321	173,674	(79,514)	(0.01)	(0.01)
30-Jun-05	67,368	101,733	(49,594)	(0.01)	(0.01)
31-Mar-05	28,090	99,598	11,975	0.00	0.00

Liquidity

As at June 30, 2007, the Company had \$6,527,873 in cash and cash equivalents compared to \$1,823,004 at the end of September 30, 2006, with working capital of \$6,463,128 at June 30, 2007 compared to working capital of \$2,919,113 as at September 30, 2006. The net increase in working capital is due primarily to private placement financings completed in March 2007. The Company's cash position increased substantially in August 2007 following a private placement (see note in Subsequent Events)

The accounts payable and accrued liabilities increased to \$307,919 at June 30, 2007 from \$89,593 at September 30, 2006. Total liabilities have decreased to \$369,918 at June 30, 2007 from \$2,031,593 at September 30, 2006 due to the conversion of debentures to common shares of the Company.

Off Balance Sheet Arrangements

The Company has no off-balance sheet financing.

Capital Resources and Non-Controlling Interest

During the quarter the Company issued the following shares:

438,638 common shares upon exercise of warrants at an average price of \$0.55.

120,777 common shares upon exercise of broker options at an average price of \$0.50.

As at June 30, 2007, the Company had 24,338,911 common shares issued and outstanding.

As at June 30, 2007, the Company has 50,000 shares under option at a price of \$0.15 expiring September 9, 2009; 50,000 shares under option at an exercise price of \$0.13 expiring December 9, 2011; 100,000 shares under option at a price of \$0.42 expiring October 16, 2007; 1,012,500 shares under option at a price of \$0.72 expiring November 29, 2011; 474,227 shares under option at a price of \$0.50 expiring September 22, 2008; and 152,687 shares under option at a price of \$1.40 expiring May 30, 2008. As at June 30, 2007, the Company had 1,839,414 share options outstanding.

As at June 30, 2007, the Company had 3,420,215 share purchase warrants outstanding of which 2,379,249 have an exercise price of \$0.55 and an expiry date of September 2008, 982,142 have an exercise price of \$1.80 and an expiry date of May 2008, and 58,824 have an exercise price of \$1.70 and an expiry date of May 2008.

Subsequent Events

On August 1, 2007, the Company announced the sale of its 9.375% working interest in the gas well at Acadia for \$12,000. The interest was a residual holding of NaiKun's predecessor Uiterre Resources Ltd.

On August 1, 2007, the Company announced that James Hoggan & Associates Inc., a public relations firm in Vancouver, has entered into a private placement agreement to acquire 6,596 common shares of the Company at a price of \$3.38 per share.

On August 15, 2007, the Company completed a private placement and issued 7,506,000 Common Shares at a price of \$3.35 per share and 2,600,000 Flow-Through Shares at \$3.85 per share, for gross proceeds of \$35,155,100. After a 6% cash commission paid to the underwriters and approximately \$80,000 in legal fees, the net proceeds to the Company amounted to \$32,964,174.

Between July 1, 2007 and August 15, 2007, the Company issued 412,078 Common Shares through exercise of warrants and broker options.

On August 21, 2007, the Company announced that it had signed a Professional Services Agreement (PSA) with ENMAX Corporation covering the development of Phase One (320 MW) of NaiKun's offshore wind farm proposed for the Hecate Strait.

Transactions with Related Parties

The Company has no employees and obtains certain legal, management and administrative services and rents space from companies controlled by officers or directors. For the financial quarter ended June 30, 2007, \$165,000 of these expenses was charged to consolidated operations.

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

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, investments and other assets, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency risk or credit risk arising from these financial instruments.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication. Management intends to formalize its procedures, but due to its small staff the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures. There is a possibility that lapses in the disclosure controls and procedures could occur and mistakes could happen, and if should such should occur, the Company will take whatever steps necessary to minimize the consequences there of.

Internal Controls and Procedures over Financial Reporting

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that certain weaknesses existed in internal controls over financial reporting. In addition, the Company has not fully completed its review and evaluation of the design of internal control over financial reporting as envisioned under 52-109. The Company expects to complete its assessment in Fiscal 2007. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Additional Information

Additional information relating to Uniterre can be found on SEDAR at www.sedar.com, under its new name *Naikun Wind Energy Group Inc.*

Dated August 27, 2007