

**NAIKUN WIND ENERGY GROUP INC.**  
**(A Development Stage Company)**  
**Management's Discussion & Analysis**  
**For the three months ended December 31, 2007**

**February 15, 2008**

This Management's Discussion and Analysis ("MD&A") reviews the activities of NaiKun Wind Energy Group Inc. (the "Company") and compares the financial results for the three months ended December 31, 2007 ("Q1-2008") with those of the corresponding period ended December 31, 2006 ("Q1-2007"). For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the financial statements and the accompanying notes for all relevant periods, including the most recent audited financial statements for the year ended September 30, 2007. Copies of the above-mentioned documents are all available on SEDAR.

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 the Company, 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 information herein is only provided as of the date of this MD&A, February 15, 2008 (the "Report Date")

**Description and Overview of Business**

Beginning in 2004, the main focus of the Company has been directed towards the development of renewable wind energy projects off the northwest coast of British Columbia (the "NaiKun Wind Project" or "Project"). To better reflect the Company's focus, effective November 3, 2006, the Company changed its name to NaiKun Wind Energy Group Inc.

Historically, the Company was a junior natural resources company involved in the exploration, development and acquisition of petroleum and natural gas assets and mineral interests. Since the change in Company focus towards wind energy, the Company has been divesting its oil and gas assets and mineral interests and during the year ended September 30, 2007, wrote down its remaining non-wind related assets to nil.

The next milestone for the Company involves the preparation and submission of a bid for an Electricity Purchase Agreement ("EPA") from British Columbia Hydro and Power Authority ("BC Hydro"). BC Hydro is in the final stages of preparing the Clean Energy Call for up to 5,000 gigawatt hours of firm electricity (or approximately enough electricity to power 500,000 homes in BC). The call is expected to be issued in the summer of 2008 with EPAs awarded near the end of the year.

In September 2007, the Company installed a wind measuring meteorological mast (“Metmast”) at the project site, which is collecting real time wind data to assist the Company in assessing engineering and construction design as well as support the ongoing feasibility studies.

Highlights for the Company during Q1-2008 include:

- The further strengthening the Company’s Board of Directors with the addition of:
  - Joe Houssian, founder of Intrawest Corporation, and the current Chairman and founder of Intracorp Capital;
  - Fereydoun (Fred) Dabiri, President and CEO of David Nairne & Associates; and
  - Philip Hughes, former President and CEO of FortisAlberta, effective February 6, 2008.
- The securing of arrangements for electricity transmission corridors with two north coast First Nations communities through an agreement on the terms of access and economic and financial benefits. The agreements include the Company’s issuance of 1,000,000 warrants to purchase common shares with a two year term expiring December 4, 2009 and an exercise price of \$2.66.
- Approval from the Environmental Assessment Office (EAO) of the terms of reference for the NaiKun Wind Project. The terms of reference outline the necessary information that must be included in the final application for an Environmental Assessment Certificate, which is the next step for the Company in the environmental assessment process.
- The appointment of three senior advisors to the Company’s bid team: Peter Besenovsky, partner at Sage Stone LLC, Fred Dabiri, President and CEO of David Nairne & Associates Ltd., and Scott Woronuik, Vice-President of Business Development with ENMAX Corporation

From inception to December 31, 2007, the Company has expensed approximately \$8 million on the development stages of the NaiKun Wind Project. In addition, the Company has capitalized \$2.5 million in costs relating to the construction and installation of the Metmast.

## Financial Summary

The following summarizes selected financial information for the three months ended December 31, 2007, 2006 and the cumulative data from October 1, 2004 to December 31, 2007.

	Three months ended Dec 31 <u>2007</u>	December 31 <u>2006</u>	October 1, 2004 to December 31 <u>2007</u>
Net Loss	(2,561,276)	(1,169,047)	(8,226,887)
Loss per common share	<u>(0.07)</u>	<u>(0.08)</u>	

The following summarizes the total assets and total liabilities as at December 31, 2007, September 30, 2007 and September 30, 2006.

	December 31 <u>2007</u>	September 30 <u>2007</u>	September 30 <u>2006</u>
Total Assets	\$37,377,687	\$39,719,445	\$3,262,639
Total Liabilities	933,621	2,602,707	2,031,593

*Petroleum and natural gas sales* have been declining as the Company continues to divest of its interests.

*Net Losses* and the decrease in *Total Assets* during Q1-2008 are primarily due to the Company's expenditures on the NaiKun Wind Project, most of which are expensed in the period incurred.

*Total Liabilities* at the December 31, 2007 have decreased significantly from their levels at September 30, 2007 due to accounts payables associated with the Metmast being paid.

### 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 - \$
31-Dec-07	Nil*	1,693,013	(1,247,540)	(0.04)	(0.04)
30-Sep-07	Nil*	2,423,289	(2,098,122)	(0.07)	(0.07)
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)

\*starting in the three months ended September 30, 2007 ("Q4-2007"), the Company changed its presentation of financial results to reflect the change in focus from a junior natural resources company to a wind energy company in the development stages. Prior to Q4-2007, the Company recorded gross revenue from petroleum and natural gas sales. From Q4-2007 onwards, revenue from petroleum and natural gas sales is netted against its applicable expenses and reported as Other Revenue. To date, the Company has not earned any revenue from the NaiKun Wind Project.

## Result of Operations

The Company reported a loss of \$2,561,276 for Q1-2008 compared with a loss of \$1,169,047 for Q1-2007. Cash outflows from operations amounted to \$3,220,611 compared with an outflow of \$474,246 for the same period last year. 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.

General, administrative and engineering expenses for Q1-2008 totaled \$3,006,749 (Q1-2007 - \$1,213,436) of which \$1,313,736 (Q1-2007 - nil) related to the fair value of warrants issued to secure electricity transmission corridors and \$832,619 (Q1-2007 - \$215,157) related to engineering and development expenses. Other noteworthy items include public and government relations expenses of \$172,417 (Q1-2007 - \$39,992), professional fees of \$146,774 (Q1-2007 - \$23,709), and travel expenses of \$121,788 (Q1-2007 - 34,973). Non-cash expenses include depletion and amortization of \$48,409 (Q1-2007 - 5,000). The significant increase for each of these items over the prior year is primarily due to increased activity on the development of the NaiKun Wind Project.

In Q1-2008, the Company recorded investment income of \$420,411 (Q1-2007 - \$10,709). The increase was primarily due to the significant capital raised in March 2007 and August 2007. The Company's net petroleum and natural gas sales amounted to \$25,956 in Q1-2008 compared with \$25,918 for the same period in the previous year.

## Liquidity

As at December 31, 2007, the Company had \$34,048,423 in cash and cash equivalents compared to \$36,711,648 at the end of September 30, 2007. Working capital at December 31, 2007 was \$33,894,266 compared to \$34,536,011 at September 30, 2007. The decrease in cash and cash equivalents and working capital during Q1-2008 is primarily a result of the expenditures related to the ongoing administrative and engineering activities of the NaiKun Wind Project.

## Capital Resources and Non-Controlling Interest

In the three months ended December 31, 2007, the Company issued 955,393 common shares in a number of transactions, for aggregate proceeds of \$574,868 detailed further in the notes accompanying the Company's financial statements:

As at December 31, 2007, the Company had 35,862,033 common shares issued and outstanding.

As at December 31, 2007, the Company had the following stock options outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number Outstanding</u>
May 30, 2008	\$1.40	143,627
September 22, 2008	\$0.50	138,500
September 9, 2009	\$0.15	50,000
November 28, 2011	\$0.72	662,500
December 9, 2011	\$0.13	<u>50,000</u>
		<u>1,044,627</u>

As at December 31, 2007, the Company had the following warrants outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number Outstanding</u>
May 30, 2008	\$1.80	932,047
May 30, 2008	\$1.70	55,208
September 30, 2008	\$0.55	1,989,615
December 4, 2009	\$2.66	<u>1,000,000</u>
		<u>3,976,870</u>

Subsequent to December 31, 2007, and prior to the Report Date, the Company issued 203,955 common shares on the exercise of the following options and warrants:

<u>Exercise of:</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Gross Proceeds</u>
Options	100,000	\$0.72	\$72,000
Options	50,000	0.15	7,500
Options	50,000	0.13	6,500
Broker Options	500	0.50	250
Warrants	1,455	1.80	2,619
Warrants	<u>2,000</u>	0.55	<u>1,100</u>
	<u>203,955</u>		<u>\$89,969</u>

### **Related Party Transactions**

During the three months ended December 31, 2007, the Company contracted certain management, legal and administrative services from various consultants and companies, some of which are controlled by officers, directors and others. During Q1-2008, \$152,500 of these expenses were included in the Consolidated Statement of Loss (Q1-2007 - \$171,500). These transactions with related parties are in the normal course of operations and have been recorded at the amount of consideration paid, which is considered similar to that negotiable with third parties.

### **Subsequent Events**

Effective January 25, 2008, Ray Castelli left the Company to pursue a new opportunity. Prior to his resignation, Mr. Castelli was an Executive Vice President and director of the Company, and President of NaiKun Wind Development Inc., a wholly owned subsidiary of the Company.

### **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 has made significant progress to date, and is continuing to formalize its procedures, but due to its limited staff, the Company will continue to rely on an active Board of Directors 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 steps necessary to minimize the consequences thereof.

### **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 2008. As commonly inherent in 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 compensated by more extensive 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](http://www.sedar.com). under its new name *Naikun Wind Energy Group Inc.*

Dated February 15, 2008