

NAIKUN WIND ENERGY GROUP INC.
(A Development Stage Company)
Management's Discussion & Analysis
Second Quarter Ended March 31, 2008

May 22, 2008

This Management's Discussion and Analysis ("MD&A") reviews the activities of NaiKun Wind Energy Group Inc. ("Group") and its wholly owned subsidiaries, NaiKun Wind Development Inc. ("Devco"), Austar Resources Ltd. ("Austar") and Patriot Energy Mines Ltd. ("Patriot"), collectively, (the "Company"). This MD&A includes financial information from, and should be read in conjunction with, the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2008 ("Q2-2008"). 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. The above-mentioned documents along with additional information and disclosure relating to the Company can be found on SEDAR at www.sedar.com.

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, May 22, 2008 (the "Report Date")

Description and Overview of Business

Prior to 2004, the Company was primarily a junior natural resources company involved in the exploration, development and acquisition of petroleum and natural gas assets and mineral interests. Beginning in 2004, the Company changed its focus towards the development of renewable wind energy projects and is currently in the development stages of building and operating a wind farm off the northwest coast of British Columbia (the "NaiKun Wind Project" or "Project").

Since the change in 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 (“Call”) for up to 5,000 gigawatt hours of firm electricity (or approximately enough electricity to power 500,000 homes in BC).

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’s engineering and construction design process as well as support the ongoing wind resource and feasibility studies.

Since September 30, 2007, the Company’s highlights include:

- The following executive appointments:
 - Paul Taylor as the President of Group. Mr. Taylor’s most recent position held was President and CEO of the Insurance Corporation of British Columbia (ICBC). He has also served as Deputy Minister and Secretary to the Treasury Board with the British Columbia Ministry of Finance and as Senior Vice-President at TransAlta where he played a key role in the growth and development of TransAlta’s U.S. non-regulated business;
 - Steven Eckert as Senior Vice-President of Group and President and CEO of Devco. Mr. Eckert has been a consultant to BC Hydro and most recently, was the Vice-President of project development for Constellation Energy,
 - Michael O’Connor as Senior Vice-President of Group and President and CEO of NaiKun Wind Generating Inc., a company jointly owned by ENMAX and Group. Mr. O’Connor’s most recent position held was Project Director for the Canada Line Rapid Transit Project with SNC-Lavalin. He has also served as President and CEO of BC Transit and Vice-President Operations and Manufacturing with Terasen Utility Services.
- The further strengthening of 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
 - Paul Taylor, see above.
- 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’s environmental application. 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 Besenovskiy, partner at Sage Stone LLC, Fred Dabiri, President and CEO of David Nairne & Associates

Ltd., and Scott Woronuk, Vice-President of Business Development with ENMAX Corporation (“ENMAX”), a utility owned by the City of Calgary.

- The engagement of Hemmera Envirochem Inc. (“Hemmera”), to assist the Company in obtaining environmental approvals for the NaiKun Wind Project. Hemmera brings expertise and experience with large scale Environmental Assessment projects including wind energy projects in British Columbia.
- The signing of a Memorandum of Understanding with British Columbia Institute of Technology (“BCIT”) to maintain a dialogue and coordinate training programs on the various jobs, trades and skills required on the NaiKun Wind Project and/or similar energy related projects.
- The engagement of Offshore Design Engineering Ltd. (“ODE”), a U.K. based consulting, engineering, procurement, project management and operations support provider, to assist in the ongoing economic feasibility analysis. ODE brings significant experience in offshore wind projects.

From inception to March 31, 2008, the Company has expensed approximately \$11.1 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 March 31, 2008, 2007 and the cumulative data from October 1, 2004 to March 31, 2008.

	March 31 <u>2008</u>	Three months ended March 31 <u>2007</u>	October 1, 2004 to March 31 <u>2008</u>
Net Loss	\$2,101,702	\$528,064	\$11,642,325
Loss per common share	<u>\$0.06</u>	<u>\$0.03</u>	

The following summarizes the total assets and total liabilities as at March 31, 2008, September 30, 2007 and September 30, 2006.

	March 31 <u>2008</u>	September 30 <u>2007</u>	September 30 <u>2006</u>
Total Assets	\$36,000,648	\$39,719,445	\$3,262,639
Total Liabilities	5,143,039	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 Q2-2008 are primarily due to the Company’s expenditures on the NaiKun Wind Project, most of which were expensed in the period incurred.

Total Liabilities at the March 31, 2008 have increased from their levels at September 30, 2007 due to the future tax liability resulting from the renunciation of flow through expenditures (see Note 7 of the financial statements).

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-Mar-08	Nil*	2,490,954	(2,101,702)	(0.06)	(0.06)
31-Dec-07	Nil*	3,006,749	(2,561,276)	(0.07)	(0.07)
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)

*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 \$2,101,702 for Q2-2008 compared with a loss of \$528,064 for the same period last year. Cash outflows from operations amounted to \$1,761,440 compared with an outflow of \$854,202 for the same period last year. These increases are both primarily due to the Company's expenditures on the NaiKun Wind Project, most of which are expensed in the period incurred. 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 Q2-2008 totaled \$2,490,954 (2007 - \$1,093,849) of which \$869,000 (2007 - \$607,556) related to engineering and development expenses. Other noteworthy items include public and government relations expenses of \$189,251 (2007 - \$57,660), professional fees of \$383,575 (2007 - \$85,813), and travel expenses of \$121,046 (2007 - 64,518). Non-cash expenses include depletion and amortization of \$54,435 (2007 - 169,876). 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 Q2-2008, the Company recorded investment income of \$366,345 (2007 - \$41,901). The increase was primarily due to interest income earned on the equity capital raised in March 2007 and August 2007. The Company's net petroleum and natural gas sales amounted to \$26,331 in Q2-2008 compared with \$24,441 for the same period in the previous year.

Liquidity

As at March 31, 2008, the Company had \$32,611,061 in cash and cash equivalents compared to \$36,711,648 at the end of September 30, 2007. Working capital at March 31, 2008 was \$32,636,777 vs \$35,001,711 at September 30, 2007. The decrease in cash and cash equivalents and working capital during Q2-2008 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 March 31, 2008, the Company issued 456,867 common shares in a number of transactions, for aggregate proceeds of \$339,544 detailed further in the notes accompanying the Company's financial statements:

As at March 31, 2008, the Company had 36,318,900 common shares issued and outstanding.

As at March 31, 2008, 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	84,456
September 22, 2008	\$0.50	33,700
November 28, 2011	\$0.72	<u>562,500</u>
		<u>680,656</u>

As at March 31, 2008, the Company had the following warrants outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number Outstanding</u>
May 30, 2008	\$1.80	930,593
May 30, 2008	\$1.70	30,502
September 30, 2008	\$0.55	2,004,865
December 4, 2009	\$2.66	<u>1,000,000</u>
		<u>3,965,960</u>

Related Party Transactions

During the six months ended March 31, 2008, 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 the six months ended March 31, 2008, \$295,000 of these expenses were included in the Consolidated Statement of Loss (vs \$230,000 in the same period last year). 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

Subsequent to March 31, 2008, and prior to the Report Date, the Company issued 837,649 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>
Broker Options	72,138	\$1.40	\$100,993
Broker Options	16,520	0.50	8,260
Broker Warrants	29,812	1.70	50,680
Warrants	218,179	1.80	392,722
Warrants	<u>501,000</u>	0.55	<u>275,550</u>
	<u>837,649</u>		<u>\$828,205</u>

Subsequent to March 31, 2008, the Company's HR and Compensation Committee approved a mortgage loan to a Company director, who is also a senior officer of one of the Company's subsidiaries to purchase a home. The loan is secured by the property, bears interest at the Bank of Montreal prime rate and has a term to maturity of three (3) years. On May 14, 2008, the Company advanced \$732,000 pursuant to this loan.

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 active senior 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. under its new name *Naikun Wind Energy Group Inc.*

Dated May 22, 2008