dejour Enterprises Ltd.

Investing in Energy

The Company's business is Energy!

Consolidated Financial Statements

December 31, 2004 and 2003

Chairman's Message

Since the reactivation of Dejour in November 2004 energy prices - both oil/gas and uranium have continued a trend to new cyclical highs – oil at $58 USD per barrel, uranium contracts (long term) at $28 USD per pound. Your Company has amassed over 331,200 hectares of highly prospective uranium claims and permits in the Athabasca Basin, the most prolific uranium basin in the world, and has raised over $8 million in equity capital to prudently exploit these properties and develop other corporate energy related opportunities.

The 2005 Athabasca uranium exploration program is already underway. All the available historical data has been correlated – much of it can be reviewed on our website. Over 1969 line kms of GEOTEM 1000 airborne survey have been flown over the Sandhill and Meanwell Lake properties, which comprise of 40,678 hectares. This year's uranium exploration reconnaissance budget will exceed the $1 million flow-through funding obligation Dejour undertook in early December 2004. We are all looking forward to these results.

This program is being managed by our President Doug Cannaday and Exploration Manager J. Alan McNutt, P. Geo., a qualified person – all under the guidance of veteran explorationist and internationally recognized uranium 'mindfinder', Dr. Lloyd Clark, B.E., Geological Engineering, MSc., PhD.

Dejour in 2005 will assess each of its key property acquisitions using advanced scientific techniques, with the focus to have drill targets ready for early 2006.

While this program is taking shape, we are assessing a short list of other key energy opportunities in the conventional and non- conventional arenas and the uranium sector for that complementary project that has "just the right fit". We will keep you well apprised of our progress and direction as 2005 unfolds. I encourage you to regularly reference our website for the most up to date information.

I am very proud of the progress the Dejour team has made, both technically and financially, over the past 4 months of corporate activity. We are very thankful of the opportunity the marketplace has provided, and look forward with anticipation to the rewards these efforts can avail.

I am prudently optimistic 2005 will prove to be an exciting year for all shareholders.

Robert L. Hodgkinson
Chairman & CEO

President's Report

During 2003 the Company commenced its search to identify an energy-resource business to compliment the Dejour corporate entity. During 2004 several opportunities were investigated and considered. The Company's business is Energy!

The Company identified an emerging opportunity in the uranium sector. Since 1986 consumption of uranium has exceeded production and the shortfall is forecast to increase. In recent years the difference has been made up from existing inventories many of which now are depleted. During the past year the spot price for U308 rose 38% to US $23.20/lb. with some forecasting a further rise exceeding $45.00. Presently there is a finite supply of uranium and the demand will not be satisfied unless mine production is increased. Resources need to be identified. There also exists a belief that China/Asia has yet to be factored into the current pricing trend and that they soon will influence pricing. The Company recognized the importance of establishing a position in the uranium sector and after considering a number of opportunities, elected to focus within the Athabasca Basin of northern Saskatchewan where regulatory, operational and business conditions are favorable. The quality of uranium in the Basin is significantly higher when compared with many other locations around the globe.

The Company continues to evaluate large block oil and gas exploration opportunities. One project under consideration involves unconventional gas.

The Company's objective is to establish revenue and cash flow from successful oil and gas or other energy related operations thereby allowing it to explore and develop longer-term Company owned energy projects. To achieve this end the Company will consider joint venture participations with proven management success.

Douglas W. Cannaday
President & COO

Energy Trends in 2005

There is an ever-increasing level of energy consumption worldwide. Between 1850 and 1970, the number of people living on Earth more than tripled-yet the energy they consumed rose 12-fold. By 2002, human numbers had grown another 68% and fossil fuel consumption was up another 73%.

Everything we use has associated and compounding energy inputs. The largest share of global energy consumption goes into manufacturing vehicles, appliances, buildings, clothes and food. Large amounts of energy are also required to assemble automobiles, construct and operate the manufacturing plants, and fabricate the various inputs that make up a car-from steel and plastic to glass and rubber. The other key energy driver is transportation. Today, transportation is the world's fastest-growing form of energy use, accounting for nearly 30% of world energy use and 95% of global oil consumption. Even relatively small shifts in transport choices have significant impacts. Only 0.5% of the total distance people travel each year is done by air yet planes use up about 5 % of transportation energy.

Overall energy consumption is rising fastest in the developing world, where petroleum use has quadrupled since 1970. China is already the world's number one coal consumer. Currently, China's burning of 800 million tons exceeds the 574 million tons burned in the United States. Current trends in global energy use will be difficult to sustain. If the average Chinese consumer used as much oil as the average American uses, China would require 90 million barrels per day. This is 11 million more than the entire world produced each day in 2001. With oil, the United States is still in the lead with consumption triple that of China's-20.4 million barrels per day to 6.5 million barrels in 2004. But while oil use in the United States expanded by only 15% from 1994 to 2004, use in China has more than doubled. Having recently moved ahead of Japan as an oil consumer, China is now second only to the United States.

Annual Energy Outlook 2005 (AEO 2005) evaluated several trends within the energy cycle that will affect the energy markets from 2005 to 2025. Key factors identified included the price of oil increasing from $10.89 in December 1998 to over $46 in October 2004, an increased global demand for oil from China, India and the USA, general tightening of supply, and the geopolitical climate in the Middle East, former Soviet Union and Venezuela. Asia will continue to drive the expansion in energy demand, replacing North America as the leading energy consumption region and accounting for more than half of the world's total increase in demand.

A few highlights include:

- Demand for oil is forecasted according to the AEO to surge from 80 million barrels per day in 2003 to more than 120 million barrels per day by 2025
- Chinese oil demand will increase on average 7.9% per year
- Over the next 15 years, natural gas usage will increase more rapidly than that of any other energy source-by more than 100% -mainly stemming from the tripling of gas consumption in Asia

In many countries, uranium is a major energy resource; fueling nuclear power plants generate between 16-17% of the world's electricity. Expected substantial growth in energy demand is based on three factors: the drive to raise living standards in the developing world, continued population growth, and the never-ceasing expansion in consumer products and technologies that increase the quality of life but consume additional energy. The near term projections released in 2004 by both the IAEA and the OECD International Energy Agency are markedly different

Energy Trends in 2005 *cont'd*

from those of just four years ago. The IAEA´s low projection – based on the most conservative assumptions – predicts 427 gigawatts of global nuclear capacity in 2020, the equivalent of 127 more 1000 megawatt nuclear plants than previous projections.

New nuclear power plants remain the most attractive in countries and regions where energy demand growth is rapid, alternative resources are scarce, energy supply security is a priority, and nuclear power is important for reducing air pollution and greenhouse gas emissions. China plans to raise its total installed nuclear electricity generating capacity from the current 6.5 gigawatts to 36 gigawatts by 2020. India plans to expand its nuclear capacity 10-fold by 2022, and 100-fold by mid-century. The Russian Federation plans to raise its nuclear capacity from the current 22 gigawatts to 40-45 gigawatts by 2020. Elsewhere, plans remain more moderate, but it is clear that nuclear energy is regaining stature as a serious option. In the US, the Nuclear Regulatory Commission by the end of last year had approved 30 extensions of nuclear plant licences of 20 years each. To date, about three quarters of the USA´s 104 nuclear power plants have applied or stated their intention to apply for licence extensions. The January 2004 Green Paper on Europes' supply security estimated that business-as-usual would increase dependency on imported energy from its current 50% to about 70% in 2030. A similar concern drove nuclear power investment in Europe and North America during the oil crisis of the 1970s.

Analysis of the availability of supplemental uranium supplies to meet reactor demand leads to the conclusion that uranium production will continue as the predominant source of nuclear fuel. Therefore, the question arises as to the sufficiency of both uranium resources and production capacity to meet demand on a timely basis.

One of the most recent reports from the OECD Nuclear Energy Agency and the International Atomic Energy Agency, the authors state that with world nuclear capacity expanding and uranium production satisfying only 60% of demand, uranium stockpiles continue to be depleted at a high rate. In 1993, 93.2 million pounds of U308 only represents 54% requirements.

Therefore, with total global energy consumption is projected to increase from 98.2 quadrillion Btu's to 133.2 quadrillion Btu's in 2025. Nuclear energy is anticipated to play a key role in filling that gap, thus increasing the need for new exploration to meet this global demand.

Uranium Exploration – The Athabasca Basin

Starting in the spring of 2004 the management of Dejour initiated a plan to determine the merits of investing in the ownership and exploration of uranium properties in Canada and the United States.

After several months of extensive research and due diligence it was determined that the highest potential return for our shareholder's capital would be to focus on Canada and more particularly the Athabasca Basin in Saskatchewan.

This area contains the world's largest and richest uranium deposits. The Athabasca Basin covers an area 220 by 400 kilometres consisting of sandstone and related sediments that are over 1.6 billion years old. Many of the deposits, and all of the richest ones, occur at the basal unconformity of the sandstone where it overlies still older, highly metamorphosed sedimentary and igneous basement rocks. A few deposits extend some hundreds of metres into the underlying basement rocks. These rich "unconformity-type" deposits occur as narrow, shoe lace-like concentrations where the sandstone is in contact with steeply dipping graphite-bearing layers in the basement metasediments. In selecting our properties for acquisition, the company employed a proprietary compilation of historic exploration data. Priority was given to lands where previous work had established the presence of graphite in the basement under the sandstone. In some instances, the presence of uranium in elevated amounts, locally up to 3%, was reported as well as zones of favourable clay mineral alteration and concentrations of trace elements that are often associated with uranium deposits. Fault structures that cross-cut the sandstone were also targeted. Future aerial and ground-based surveys will define favourable zones for drill testing. Most of the properties are near the margin of the sandstone formation where drill testing will be much less expensive than in areas where the sandstone is very thick. However, exploration permits were also acquired extending across the basin along the interpreted trace of the Virgin River structural zone, on an unrelated joint venture recently announced a significant uranium discovery along a portion of this zone.

Dejour has now completed its primary land acquisition phase. Currently the Company holds a 100% interest in 331,200 hectares (818,400 acres) consisting of eight major project areas. Beginning last December detailed National Instrument 43-101 Reports were compiled on four of the properties. Based on subsequent information received three of these four property areas were substantially expanded to cover additional anomalies. We were unable to expand our acreage in the fourth property due to lack of available land. As previously noted four new areas were staked consisting of three properties on the western side of the Basin and the remaining project covers seven claim groups on the eastern side of the Basin.

Now focusing on our current exploration programme; the airborne electromagnetic and magnetic surveys have been completed over the Sand Hill Lake and Meanwell Lake projects. Interpretation of results from these extensive surveys data is awaited. Contracts for deeply penetrating airborne geophysical surveys to be carried out this summer are also being negotiated for other projects. Detailed planning of our aggressive and extensive summer program is currently underway.

Looking Forward Statement

Statements contained in this document which are not historical facts are forward-looking statements that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without limiting the generality of the following, include: volatility and sensitivity to market prices for uranium, oil and gas; changes in government regulations and policies, including trade laws and policies; demand for nuclear power; and other development and operating risks.

Although Dejour believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. Dejour disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Auditors' Report

To the Shareholders of Dejour Enterprises Ltd.

We have audited the consolidated balance sheets of Dejour Enterprises Ltd. as at December 31, 2004 and 2003 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Dale Matheson Carr-Hilton LaBonte

"Dale Matheson Carr-Hilton LaBonte"
CHARTERED ACCOUNTANTS

Vancouver, B.C.
February 10, 2005, except Note 11 which is as of February 24, 2005

Consolidated Balance Sheets

DEJOUR ENTERPRISES LTD.

As at

	December 31, 2004	December 31, 2003
ASSETS		
CURRENT		
Cash *(Note 5)*	**$ 1,592,838**	$ 129,902
Prepaids and other	**38,000**	1,890
	1,630,838	131,792
RESOURCE PROPERTIES *(Note 3)*	**2**	1
	$ 1,630,840	$ 131,793
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 51,099**	$ 12,844
SHAREHOLDERS' EQUITY		
SHARE CAPITAL *(Note 5)*	**2,726,819**	880,059
CONTRIBUTED SURPLUS *(Note 6)*	**6,131**	–
DEFICIT	**(1,153,209)**	(761,110)
	1,579,741	118,949
	$ 1,630,840	$ 131,793

SUBSEQUENT EVENTS *(Note 9)*

Approved on behalf of the Board

Robert Hodgkinson, *Director*

Doug Cannaday, *Director*

The accompanying notes are an integral part of these consolidated financial statements.

Dejour Enterprises Ltd.
Investing in Energy

Consolidated Statements of Operations and Deficit

DEJOUR ENTERPRISES LTD.

For the years ended

	December 31, 2004	December 31, 2003
EXPENSES		
Office and general	**$ 38,850**	$ 28,358
Interest expense and finance fee	**52,087**	15,074
Investor relations	**12,753**	2,767
Management and consulting fees	**42,733**	7,500
Management and consulting fees – non-cash stock-based compensation expense	**6,131**	–
Professional	**78,643**	21,102
Property investigation costs	**10,430**	–
Regulatory and filing fees	**30,991**	25,568
Travel and accommodation	**17,465**	–
	290,083	100,369
LOSS BEFORE THE FOLLOWING	**(290,083)**	(100,369)
Write-off of resource properties *(Note 3)*	**–**	(1)
Impairment of oil and gas property *(Note 3)*	**(102,016)**	–
Debt forgiveness	**–**	23,945
NET LOSS FOR THE YEAR	**(392,099)**	(76,425)
DEFICIT, BEGINNING OF YEAR	**(761,110)**	(684,685)
DEFICIT, END OF YEAR	**$ (1,153,209)**	$ (761,110)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**9,856,071**	3,791,411
BASIC AND DILUTED LOSS PER SHARE	**$ (0.04)**	$ (0.02)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

DEJOUR ENTERPRISES LTD.

For the years ended

	December 31, 2004	December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**$ (392,099)**	$ (76,425)
Adjusted for item not involving cash:		
- debt forgiveness	**–**	(23,945)
- non-cash finance fee	**50,000**	–
- non-cash stock-based compensation expense	**6,131**	–
- impairment of oil and gas property	**102,016**	–
- write-off of resource properties	**–**	1
	(233,952)	(100,369)
Net changes in non-cash working capital items	**2,145**	7,475
Cash flows used in operating activities	**(231,807)**	(92,894)
CASH FLOWS FROM INVESTING ACTIVITIES		
Resource properties	**(102,017)**	–
Cash flows used in investing activities	**(102,017)**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	**1,796,760**	200,000
INCREASE IN CASH AND CASH EQUIVALENTS	**1,462,936**	107,106
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**129,902**	22,796
CASH AND CASH EQUIVALENTS, END OF YEAR	**$1,592,838**	$ 129,902

Supplementary Cash Flow Information – See Note 8

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

1. NATURE OF OPERATIONS

During 2004, the Company was reactivated to Tier 2 Issuer status at the TSX Venture Exchange (“TSX-V”). It raised $1,950,000 ($1,796,600 net of finders’ fees) through a non-brokered private placement. Refer to Note 5.

The Company currently holds interests in two oil and gas properties and has not yet determined if this property contains an economical resource. The Company recorded these properties at nominal value. The Company is currently seeking new resource exploration projects of merit. Refer to Note 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Dejour.com Investment Corp. incorporated in Nevada.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprising computer equipment is carried at acquisition cost less accumulated amortization on a 30% declining balance basis.

RESOURCE PROPERTIES

Mineral properties:

The Company records its interests in mineral properties at the lower of cost or estimated recoverable value. Where specific exploration programs are planned and budgeted by management, the cost of mineral properties and related exploration expenditures are capitalized until the properties are placed into commercial production, sold, abandoned or determined by management to be impaired in value. These costs will be amortized over the estimated useful lives of the properties following the commencement of production or written off if the properties are sold or abandoned.

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of mineral properties. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. For properties held jointly with other parties the Company only records its proportionate share of acquisition and exploration costs. The proceeds from options granted are deducted from the cost of the related property and any excess is deducted from other remaining capitalized property costs. The Company does not accrue estimated future costs of maintaining its mineral properties in good standing.

Capitalized costs as reported on the balance sheet represent costs incurred to date and may not reflect recoverable value. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the mineral interests.

Management evaluates each mineral interest on a reporting period basis or as events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs are capitalized or charged to operations.

Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management’s intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

General exploration costs not related to specific properties and general administrative expenses are charged to operations in the year in which they are incurred.

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

The Company does not have any producing mineral properties and all of its efforts to date have been exploratory in nature.

Oil and gas properties:
The Company follows the full cost method of accounting for its oil and gas operations whereby all cost related to the acquisition of petroleum and natural gas interests are capitalized. Such costs include land and lease acquisition costs, annual carrying charges of non-producing properties, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, and direct exploration salaries and related benefits. Proceeds from the disposal of oil and gas interests are recorded as a reduction of the related expenditures without recognition of a gain or loss unless the disposal would result in a change of 20 percent or more in the depletion rate.

Depletion and depreciation of the capitalized costs will be computed using the unit-of-production method based on the estimated proven reserves of oil and gas determined by independent consultants.

Estimated future removal and site restoration costs are provided over the life of proven reserves on a unit-of-production basis. Costs, which include the cost of production, equipment removal and environmental clean-up, are estimated each period by management based on current regulations, costs, technology and industry standards. The charge is included in the provision for depletion and depreciation and the actual restoration expenditures are charged to the accumulated provision accounts as incurred.

The Company applies a ceiling test to capitalized costs to ensure that such costs do not exceed estimated future net revenues from production of proven reserves at year end market prices less future production, administrative, financing, site restoration, and income tax costs plus the lower of cost or estimated net realizable value of unproved properties.

Loss per Share
The Company uses the treasury stock method for the computation and disclosure of earnings (loss) per share. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments which assumes that proceeds received from in-the-money stock options are used to repurchase common shares at the prevailing market rate.

Basic loss per share figures have been calculated using the weighted monthly average number of shares outstanding during the respective periods. Diluted loss per share figures are equal to those of basic loss per share for each year since the effects of warrants have been excluded as they are anti-dilutive.

Foreign Currency Translation
The financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Non-monetary items are translated at historical exchange rates, except for items carried at market value, which are translated at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at average rates of exchange during the year. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the year.

Use of Estimates
The preparation of financial statements in conformity with 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 period. Actual results could differ from those estimates.

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

Financial instruments

The Company's financial instruments consist of cash, other receivables, and accounts payable and accrued liabilities. The fair value of the Company's financial instruments are estimated by management to approximate their carrying values based due to their immediate or short-term maturity.

Income taxes

Future income taxes are recognized for the future income tax consequences attributable to differences between financial statement carrying values and their corresponding tax values (temporary differences). Future income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in years in which temporary differences are expected to be recovered or settled. The effect on futures income tax assets and liabilities of a change in tax rates is included in income in the period in which the change occurs. The amount of future income tax assets recognized is limited to the amount that, in the opinion of management, is more likely than not to be realized.

Stock-Based Compensation

Effective January 1, 2003 the Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook, Section 3870, Stock-based compensation and other stock-based payments, released in November 2003, whereby it will be expensing all stock-based compensation awards, made or altered on or after January 1, 2003, on a prospective basis. The standard requires that all new or altered stock based awards provided to employees and non-employees are measured and recognized using a fair value based method. Fair values are determined using the Black-Scholes option pricing model. Any consideration paid by employees on the exercise of the options is credited to share capital.

The Company has granted stock options to directors and employees as described in Note 7.
No options were granted or outstanding during 2003.

Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. The provision for future income taxes is increased and share capital is reduced by the tax effect of renounced tax deductions when the expenditures are renounced with Canada Revenue Agency provided there is reasonable assurance that the expenditures will be made.

Risk management

The Company is engaged primarily in mineral and oil and gas exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations. The Company is not exposed to significant credit concentration or interest rate risk.

The Company's functional currency is the Canadian dollar. The Company operates in foreign jurisdictions, giving rise to significant exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Comparative Figures

Certain of the comparative figures have been restated to conform to the current year's presentation.

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

3. RESOURCE PROPERTIES

	2004	2003
Mineral Properties		
Quebec	$ –	$ –
		–
Oil and Gas Property		
Golden Prairie Prospects	1	–
Turtle Bayou, Louisiana	1	1
	$ 2	$ 1

In 2003, the Company wrote off the remaining balance on its Quebec mining claims as they were allowed to lapse.

By agreement dated August 15, 2001 the Company entered into an option to acquire a working interest in the Turtle Bayou #16 well in Terrebonne Parish, Louisiana, from a private company controlled by a Director. The Company determined that the well was not commercially productive and wrote down its investment to a nominal carrying value in 2003. Should the Company wish to retain its interest in the well, it will be required to fund its proportionate share of future drilling costs, which are currently not determinable.

In 2004, the Company acquired the rights to participate in an oil and gas exploration joint venture, initially targeting 9.25 sections of prospective Jurassic oil lands known as the Golden Prairie Prospect. At its option, the Company can extend the joint venture beyond the Golden Prairie Prospect to further cover a total of 288 sections of prospective oil and gas lands referred to as the Fox Project. The Company may earn a 32.5% interest by reimbursing the vendor for 32.5% of exploration expenditures previously incurred and paying 32.5% of the costs of drilling and completing each development well. The Company also entered into a farm-out agreement pursuant to which a third party can earn 10% of the 32.5% interest the Company acquires, thereby reducing the Company's interest to 22.5%.

During the year the Company incurred $119,717 of acquisition and exploration costs on this joint venture and received $51,000 from the farm-out partner of which $17,700 was for reimbursement of the Company's acquisition cost and $33,300 was on account of the parties share of expenditures incurred during the year. Included in the $119,717 was $29,250 the Company reimbursed to a private company controlled by a director for the out of pocket acquisition cost paid to an arm's length party (Note 4). The Company completed initial drilling on the Golden Prairie Prospect, determined that the well was not commercially productive and wrote down its investment to nominal carrying value which resulted in a loss on impairment of $102,016. However, at its option, the Company has earned the right to participate up to 50% in the joint-venture beyond the Golden Prairie Prospect to further cover a total of 288 sections of prospective oil and gas lands referred to as the Fox Project, if and when the operator's exploration technology proves of merit.

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

4. RELATED PARTY TRANSACTIONS

a) During 2004, the Company reimbursed $29,250 (2003 – nil) to a private company controlled by a director for certain out of pocket oil and gas exploration expenditures in the Golden Prairie Prospects paid by the private company to an unrelated party.

b) The Company incurred $8,000 in accounting fees to a private company controlled by a former director of the Company (2003 – $10,500).

c) The Company incurred $22,500 in consulting fees to a private company controlled by a director of the Company (2003 – $10,000).

d) The Company paid interest of $2,082 in cash and 200,000 shares valued at $50,000 to a company controlled by a director as consideration for a $250,000 bridge loan. Refer to Notes 4 and 6. At December 31, 2004, $6,059 owing to this company for expenses incurred on behalf of the Company is included in accounts payable.

e) The Company incurred $14,030 in consulting fees to a private company controlled by an officer of the Company (2003 – $NIL).

f) At December 31, 2004 $30,000 advanced to a private company controlled by a director for costs to be incurred on behalf of the Company is included in prepaids and other.

g) Subsequent to the year-end, the Company reimbursed $155,504 (2003 – nil) to a private company controlled by a director for certain out of pocket uranium exploration expenditures paid by the private company to an unrelated party.

5. SHARE CAPITAL

Authorized:

Unlimited common shares
Unlimited first preferred shares, issuable in series
Unlimited second preferred shares, issuable in series

	Shares	Value
Common shares issued:		
Balance at December 31, 2002	7,095,111	$ 156,967
Share consolidation 1:3	(4,730,074)	–
	2,365,037	156,967
Common shares issued during 2003:		
– for cash by private placement at $0.10	2,000,000	200,000
– shares for debt at $0.10	5,230,925	523,092
Balance at December 31, 2003	9,595,962	880,059
Common shares issued during 2004:		
– for cash by private placement	6,000,000	1,796,760
– for bridge loan financing fee	200,000	50,000
Balance at December 31, 2004	15,795,962	$ 2,726,819

On June 6, 2003 shareholders approved a resolution to complete a 1:3 share consolidation which was effected on October 1, 2003. The consolidation reduced the number of outstanding common shares from 7,095,111 to 2,365,037 shares.

In October 2003, the Company completed a non-brokered private placement of 2,000,000 common shares at $0.10 per shares for total proceeds of $200,000. Additionally, the Company settled $523,092 in debt via the issuance of 5,230,925 common shares.

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

5. SHARE CAPITAL *cont'd*

In December 2004, the Company issued 3,000,000 flow-through common shares at $0.35 per share, and 3,000,000 common shares units at $0.30 per unit. Each unit consisted of one common share and one half of a flow-through share purchase warrant, exercisable at $0.45 per share by December 31, 2005. As at December 31, 2004, 1,500,000 share purchase warrants were outstanding. Proceeds from the exercises of flow-through warrants can only be spent on Canadian Exploration Expenditures ("CEE"), as defined in the Income Tax Act. Net proceeds from the issuance of flow-through common shares were $966,000, after a finder's fee of $84,000. Net proceeds from the issuance of common share units were $830,760, after a finder's fee of $69,240.

Under the flow-through share agreement, the Company will renounce by December 31, 2005 $1,050,000 of CEE. The proceeds from the issuance of flow-through shares can only be spent on CEE. As of December 31, 2004, the Company spent approximately $108,000 in CEE. Therefore, approximately $942,000 of cash was not available for general administrative purposes.

During 2004, the Company issued 200,000 shares, valued at $0.25 per share to a company controlled by a director as part of the considerations for a $250,000 bridge loan. Refer to Notes 3 and 4.

6. STOCK OPTIONS AND WARRANTS

In November 2004, the Company granted a total of 950,000 options to its insiders, consultants and advisors. All options vest on a quarterly basis over three years. The vested options can be exercised to October 31, 2009 to purchase common shares of the Company at $0.275 per share. The granting of these options will result in a stock based compensation expense of $181,600 being recorded over the vesting period representing the fair value of the options. In accordance with the new accounting recommendations effective January 1, 2003, the Company is required to expense the fair value of all stock options granted. The Company determined the fair value of stock options granted during the year using the Black-Scholes option pricing model assuming an expected option life of five years, a risk-free interest rate of 3.0% and an expected volatility of 87%.

The following table summarizes information about stock option transactions:

	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance, December 31, 2003 and 2002	–	–	
Options granted	950,000	$ 0.275	
Options exercised	–	–	
Options cancelled and expired	–	–	
Balance, December 31, 2004	950,000	$ 0.275	4.98 years

As at December 31, 2004, 32,100 options were vested resulting in a stock-based compensation expense of $6,136 which has been recorded as contributed surplus.

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

The following table summarizes information about warrants:

	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance, December 31, 2003 and 2002	–	–	
Warrants granted	1,500,000	$ 0.45	
Warrants exercised	–	–	
Warrants cancelled and expired	–	–	
Balance, December 31, 2004	1,500,000	$ 0.45	1.00 years

7. INCOME TAXES

The Company has certain deductions and loss carry-forwards which may be available for income tax purposes to reduce future years' taxable income. Due to the uncertainty of realization of these loss carryforwards, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance for the potential future tax assets resulting from these loss carryforwards.

a) As at December 31, 2004 the Company has Canadian and foreign acquisition, exploration and development expenses amounting to approximately $3,032,000 which, if available, may be used indefinitely to offset future taxable income.

b) As at December 31, 2004 the Company has non-capital losses carried forward of approximately $2,762,000 which if available may be used to reduce future taxable income and which expire commencing in 2004.

c) As at December 31, 2004 the Company has capital losses of $6,258,000 which maybe available indefinitely to offset future capital gains.

8. SUPPLEMENTARY CASH FLOW INFORMATION

	2004	2003
Non-cash financing activities	$	$
Bonus shares issued for bridge loan financing fee	50,000	–
Conversion of notes payable to common shares	–	380,000
Conversion of accounts payable to common shares	–	143,092
Interest paid during the year	2,082	–
Taxes paid during the year	–	–

Notes to Consolidated Financial Statements *cont'd*

DEJOUR ENTERPRISES LTD.

For the years ended December 31, 2004 and 2003

9. LEGAL SETTLEMENT

During 1999 a legal action was commenced against the Company alleging breach of contract. The plaintiff alleged the Company failed to allow the plaintiff to participate in a private placement financing made by the Company in or about March 1999. The plaintiff was seeking $1,000,000 in damages claiming a lost opportunity to benefit from an increase in the Company's share price after the private placement. The Company filed a defence denying liability. In September 2004, the court dismissed the case and the lawsuit was settled in the Company's favour. The plaintiff paid the Company $12,000 for costs.

10. SUBSEQUENT EVENTS

Subsequent to the year-end, the Company issued 1,650,000 common shares at $0.50 per share and raised $825,000 through two private placements. The Company paid finders' fees of $37,125 in cash and 250,000 in share purchase warrants, exercisable at $0.65 per share before September 30, 2005.

On February 18, 2005, the Company announced it entered into an agreement with Pacific International Securities Ltd., as lead agent (the "Agent"), for a private placement of up to 6 million units, at $0.65 cents per unit for gross proceeds of up to $3.9 million (the "Offering"). In addition the Company has agreed to grant an over allotment option to the Agent to issue up to an additional 2 million units for additional proceeds of up to $1.3 million. Each unit shall consist of one common share and one half of one common share purchase warrant (each whole share purchase warrant, a "Warrant"). Each Warrant shall be exercisable into one additional common share of the Company at an exercise price of $0.80 per common share for a period of two years following closing.

Dejour will pay the Agent a commission of 7.0% of the gross proceeds raised, either in units, or in cash from the gross proceeds of the Offering upon Closing. The same commission shall be paid to the Agent in connection with any Units issued or sold pursuant to the exercise of the over allotment option.

At the closing of the Offering, the Agent will be granted compensation options equal in number to 10.0% of the number of units sold under the Offering including any units sold pursuant to the over allotment option which will entitle the Agent to purchase, at an exercise price to $0.70, one common share and one half of one non-transferable common share purchase warrant. The compensation options may be exercised at any time and from time to time for a period of two years following the date of closing. Each whole warrant will be exercisable into one common share for a period of two years following the Closing Date at an exercise price of $0.85.

Use of funds will primarily be for further development of Dejour's uranium properties, exploration programs for properties in Saskatchewan's Athabasca Basin and for working capital purposes.

Subsequent to the year-end, the Company engaged contractors to acquire claims and permits in Saskatchewan Athabasca Basin for uranium exploration. Total spent on acquisitions and exploration expenses, including deposits advanced were $448,005.

In February 2005, the Company granted, subject to TSX Venture Exchange approval, 569,162 options to its insiders and consultants. All options vest on a quarterly basis over three years. The vested options can be exercised to February 8, 2008 to purchase common shares of the Company at $0.55 per share.

Corporate Contact Information

DEJOUR ENTERPRISES LTD.

Officers and Directors	
Robert L. Hodgkinson	Chairman of the Board | CEO
Doug W. Cannaday	President | COO | Director
Mathew Wong, CA, CFA, CPA (WA)	Officer | Chief Financial Officer
Lloyd A. Clark, Ph.D, P. Eng	Director
Archibald Nesbitt, B. Comm, LLB	Director
Charles Hodgkinson	Director
Advisory Board	Phil Bretzloff, BA, LLB Charles Dove, BSc.
Head Office	Suite 1100-808 West Hastings Street Vancouver, BC V6C 2X4, Canada Phone 604.638.5050 Fax 604.638.5051 investor@dejour.com www.dejour.com
Symbol and Exchange:	TSX-V: DJE
Annual Meeting:	Friday June 3, 2004 at 9:00 am Terminal City Club, Terrace A 837 W. Hastings Street, Vancouver, BC, Canada
Shares:	25,728,058 Issued and Outstanding
Investor Relations:	David I. Fry | 604.638.5057 | dfry@dejour.com
Ownership:	Approximately 22.7% insiders Over 4,000 shareholders
Date of Formation:	1969
Year End:	December 31
Auditors:	Dale Matheson Carr-Hilton Labonte Vancouver, BC
Legal:	Dumoulin Black Vancouver, BC
Transfer Agent:	Computershare Trust Company of Canada, Vancouver, BC

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