FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
For the year and quarter ended December 31, 2004

The following is a discussion of the operating results and financial position of Dejour Enterprises Ltd ("Company") for the year ended December 31, 2004. It should be read in conjunction with the consolidated financial statements and notes for the related periods.

Company Overview

The Company is a Canadian energy exploration and development company whose mission is to provide superior shareholder value by acquiring and developing unique and rewarding opportunities within today's burgeoning energy markets. The Company is listed on the TSX Venture Exchange under the symbol "DJE.V".

During 2004, Dejour Enterprises Ltd ("the Company") was reactivated from inactive to Tier 2 Issuer status at the TSX Venture Exchange.

Uranium Exploration

Subsequent to the year-end 2004, the Company acquired an estimated total of 305,855 hectares (755,768 acres) of prime uranium mineral claims and permits within Saskatchewan's Athabasca Basin. This region has the world's largest and richest uranium mines which are approximately 33% of the global uranium consumption. The Company currently has 100% interest in the following properties:

Fleming Island	2,573 ha.	6,358 acres
Sand Hill Lake	29,262 ha.	72,306 acres
Meanwell Lake	5,713 ha.	14,116 acres
R-Seven	30,771 ha.	76,035 acres
Permits	138,020 ha.	341,048 acres
Others	99,516 ha.	245,905 acres
Total	305,855 ha.	755,768 acres

Fleming Island
Work on the Company's 100% owned Fleming Island project at the southwest end of Cree Lake, will commence in late March 2005 with the line cutting to establish grid control for the geophysical surveys. This will be immediately followed by magnetic and time-domain electromagnetic (TEM) surveys to define conductive zones in the basement rocks and structural trends, under the 150 to 300 metres of Athabasca sandstone. This survey consists of approximately 38.4km of line cutting and 48km of TDEM with an estimated budget of $70,000. Fleming is crossed by a northwest-trending zone of faults or fractures now occupied by intrusive diabase dykes. During historic exploration, an occurrence of 3.3% uranium oxide was discovered in altered rocks adjacent to one dyke on the island. In the 1970's, strong EM conductors that lie to the south were only poorly defined under the island, perhaps due to increasing sandstone thickness. Employing much more powerful TEM surveys available today, it will define potential graphite basement conductors to be drill tested during a future program.

Sand Hill Lake/Meanwell Lake
Going west along the south margin of the Athabasca sandstone basin, the Company's 100% owned Sand Hill Lake and Meanwell Lake projects extend north from the basin margin to sandstone thicknesses up to 400 metres. Near the margin, some basement rocks were shown by historic work to contain graphite bearing EM conductive zones. Sparse drill hole tests showed more than 1% uranium oxide in one sample. Around Virgin Lake on the eastern part of the Sand Hill Lake project, basement rocks to the west are in contact with sheared and often graphitic rocks of the Virgin River Domain. These rocks are host to a significant discovery of uranium on adjacent lands announced February 7th by Formation Capital Corp. and Cameco Corp. subsidiary UEM. In an effort to redefine the historic bits of information on basement graphitic conductive zones, and extend these conductors under greater thicknesses of sandstone with modern, more powerful airborne EM systems, the Sand Hill and Meanwell Lake projects will be mapped at 300 metre line spacing by airborne EM and magnetic surveys as soon as contract negotiations are completed this month. This survey involves approximately 1,935km of line work at an estimated cost of $225,000.

The Company will provide information on other claims and permits once they become available.

Oil & Gas Exploration

The Company currently holds interests in two oil and gas properties and has not yet determined if these properties contain an economic resource. The Company has written these properties to a nominal value. In the future, once additional data on the property is reworked, the Company intends to expend further funds on the exploration of these properties. The company is also seeking new resource exploration projects of merit.

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. This prospect was developed using new exploration techniques proprietary to the operator. 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%.

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.

Financing

To date the Company's only source of funding has been through debt or equity issues. The Company is actively looking for revenue generating projects of merit in the energy sector.

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.

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.

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.

The following table summarizes information about warrants:

	Outstanding Warrants	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

Related Party Transactions

To finance the reactivation to Tier 2 and joint venture participation the Company arranged an interim $250,000 bridge loan with Hodgkinson Equities Corp ("HEC"), a holding company of an officer, director and control shareholder of the Company. The loan would be for a maximum term of 18 months, pay 8 % interest per annum and include a 20% equity bonus at $0.25 per share.

The loan was repaid in full during 2004. HEC agreed to have $250,000 accessible by the Company for the next 18 months, if the Company requires additional financing. In 2004, the Company paid interest of $2,082 in cash and 200,000 shares valued at $50,000 to HEC as consideration for a $250,000 bridge loan.

Other related party transactions in 2004 included:

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) 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.

Contingency

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.

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 its plan to raise up to $5.2 million through the issuance of 8,000,000 units at $0.65 per unit. Each unit will consist of one common share and one half of one common share purchase warrant. Each warrant can be exercisable into one additional common share at an exercise price of $0.80 for a period of two years following closing. Use of funds will primarily be for further development of the Company's uranium properties as described below, exploration programs for properties in Saskatchewan's Athabasca Basin and for working capital purposes.

Subsequent to the year-end, the Company acquired claims and permits in Saskatchewan Athabasca Basin for uranium exploration. The total amount spent on acquisitions and exploration expenses has yet to be finalized, but is approximately $525,000 to $675,000. Total claims and permits acquired totaled 305,855 hectares (755,768 acres).

In February 2005, the Company granted 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.

Results of Operations – Year Ended December 31, 2004

The Company's net loss for the year ended December 31, 2004 was $392,099 or $0.04 per share, compared to a net loss of $76,425 or $0.02 per share for the year ended December 31, 2003.

During 2004, management successfully reactivated the Company from inactive to Tier 2 Issuer status at the TSX Venture Exchange. To fund it reactivation efforts, the Company arranged an interim $250,000 bridge loan with HEC and paid interest of $2,082 in cash and 200,000 shares valued at $50,000 as consideration for the bridge loan. Therefore, interest and finance fee increased to $52K in 2004 from $15K in 2003.

In 2004, the Company completed a non-brokered private placement and raised gross proceeds of $1.95 million. The Company had been actively looking for projects that add to shareholders' values. As a result of these activities in 2004, management and consulting fees increased from $8K to $43K, and professional fees increased from $21K to $79K. Travel and investor relation expenses increased as well.

In 2004, the Company completed initial drilling on the Golden Prairie Prospect (GPP). Please refer to discussion in Results of Operation-2004 4th quarter.

Results of Operations – 2004 4th Quarter

The Company's net loss for 2004 Q4 was $310,446 or $0.032 per share, compared to a net loss of $17,096 or $0.002 per share for 2003 Q4.

In 2004 Q4, regulatory filing fees were higher than in 2003 Q4, as a result of our $1.95 million private placement in December 2004. Investor relations expense also increased as the Company actively looked for energy projects, financing and upgraded its website. Legal and professional fees increased as well.

Interest and finance fees were higher as a result of the $250,000 bridge loan financing from HEC.

Geologist fees and travel expense were higher in 2004 Q4, compared to 2003 Q4, as the Company spent more to prospect and investigate resource exploration projects of merit interest.

In December 2004, the Company wrote down its investment in GPP to nominal carrying value which resulted in a loss on impairment of $102,016. However, maintaining its right to participate in a joint venture targeting the balance of 288 sections of contiguous exploration lands covered under the 'Fox Project'.

Selected Annual Information

The following are highlights of financial data on the Company for the most recently completed three fiscal years:

For Years Ended December 31
(in Canadian $)

	2004	2003	2002
Revenue	NIL	NIL	NIL
Loss before Unusual Items	(290,083)	(100,369)	(150,266)
Net Loss	(392,099)	(76,425)	(221,118)
Total Assets	1,630,840	131,793	27,360
Total Long-Term Financial Liabilities	NIL	NIL	380,000
Cash Dividend	NIL	NIL	NIL

Summary of Quarterly Results

(Unaudited - Prepared by Management)

Quarter ended year	Dec 31, 2004 $	Sep 30, 2004 $	June 30, 2004 $	Mar 31, 2004 $	Dec 31, 2003 $	Sep 30, 2003 $	Jun 30, 2003 $	Mar 31, 2003 $
Revenues	Nil	Nil	Nil	Nil	2	3	15	42
Net Loss	(310,446)	(30,114)	(31,857)	(19,682)	(17,096)	(15,581)	(11,012)	(32,736)
Loss per share (1)	(0.032)	(0.003)	(0.003)	(0.002)	(0.002)	(0.007)	(0.005)	(0.014)
Fully diluted loss per share	(0.032)	(0.003)	(0.003)	(0.002)	(0.002)	(0.007)	(0.005)	(0.014)

Note: (1) Adjusted for 3:1 stock consolidation

Liquidity

In December 2004, the Company completed its private placement and raised net proceeds of $1,796,760. As a result, working capital position improved significantly.

Working capital increased to $1,579,739 on December 31th, 2004 from $37,295 on September 30, 2004 and $118,948 on December 31, 2003. Cash balances on December 31, 2004 were $1,592,838, as compared to $41,193 and $129,902 on September 30th, 2004 and December 31st, 2003 respectively.

Subsequent to the year-end, the Company issued 1,650,000 common shares at $0.50 per share and raised net proceeds of $787,875 through two private placements. On February 18, 2005, the Company announced its plan to raise up to $5.2 million through the issuance of 8,000,000 common share units at $0.65 per unit.

Forward Looking Statements

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 include, but not limited to, are volatility and sensitivity to market price for uranium, environmental and safety issues including increased regulatory burdens, possible change in political support for nuclear energy, changes in government regulations and policies, and significant changes in the supply-demand fundamentals for uranium that could negatively affect prices. Although the Company believes that the assumptions inherent in forward looking statements are reasonable we recommend that one should not rely heavily on these statements. The Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.