Dejour Enterprises Ltd.

Premium Assets. Value Realization.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2007

Date of Report: March 21, 2008

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
For the year and quarter ended: December 31, 2007
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The following is a discussion of the operating results and financial position of Dejour Enterprises Ltd. (the "Company") for the year ended December 31, 2007. It should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended December 31, 2007.

All financial information in this Management's Discussion and Analysis ("MD&A") is expressed and prepared in accordance with Canadian general accepted accounting principles. All references are in Canadian dollars, the Company's reporting currency, unless otherwise noted. Some numbers in this MD&A have been rounded to the nearest thousand for discussion purposes.

Certain forward-looking statements are discussed in this MD&A with respect to the Company's activities and future financial results. These are subject to risks and uncertainties that may cause projected results or events to differ materially from actual results or events.

COMPANY OVERVIEW

The Company is a well financed micro cap energy company primarily focused on natural gas exploration and production in North America's premiere resource rich regions. The Company is distinguishing itself from traditional junior energy companies through a measured strategy for identifying premium energy assets at the earliest stages, and monetizing these resources at every phase of development, exploration and exploitation through partnerships and co-ventures.

The Company's shares trade on the Tier 2 Board of the TSX Venture Exchange ("TSX-V") and the American Stock Exchange ("Amex") under the symbol DEJ and also trade on the Frankfurt Stock Exchange under the symbol D5R. The company creates shareholder value through strategic acquisition and thoughtful drilling of high discovery potential land holdings, monetization through co-ventures and spin offs, enhancing returns and reducing risk.

The Company's energy portfolio also includes a significant interest in uranium discovery through carried interests, royalty and significant holdings of Titan Uranium, Inc. ("Titan", TSX-V: TUE). The Company is active in over 60 separate exploration projects in the US Rocky Mountain Piceance/Uinta Basins, the Peace River Arch of NE British Columbia/NW Alberta Canada and the Athabasca basin of Saskatchewan through Titan Uranium. The Company's corporate office is located in Vancouver, British Columbia with branch offices in Calgary, Alberta and Denver, Colorado.

Since late 2004, the Company's goal has been strategic acquisition and thoughtful drilling of high discovery potential land, monetization through co-ventures and spin offs, while enhancing returns and reducing risk. By Q2 2008, the Company expects revenue from our E&P efforts, realizing the shift from a pure play exploration company to an oil and gas production company.

OVERALL PERFORMANCE

a) Oil and Gas Exploration Activities

During the year ended December 31, 2007, the Company reported that throughout drill operations the mud logs for each of the N. Barcus Creek #1-12 and #2-12 wells, located in the Piceance Basin in (Rio Blanco County) Colorado, indicated the presence of hydrocarbons. The #2-12 well contains an estimated 254 feet of potential hydrocarbon bearing sands. Casing has been set to total depth. This result correlates positively with the 263 feet of potential hydrocarbon bearing sands reported in the adjacent #1-12 well and a well known as the Federal #22-12 drilled during 1979 that indicates 260 feet of potential hydrocarbon bearing sands. The #1-12 and #2-12 wells are drilled based on 40 acre spacing units and in the future may be down-spaced to 10 acres. Flow-testing operations continue for the #1-12 and #2-12 wells. Negotiations are underway such that a pipeline will be installed to allow production from the N. Barcus Creek wells. The Company owns 25% working interest in each of the #1-12 and #2-12 wells. The drilling of two additional wells has been permitted on the Company's N. Barcus Creek prospect, which consists of roughly 1,590 acres.

During the year ended December 31, 2007, the Company's fully owned subsidiary, DEAL, pursued and developed numerous oil and gas prospects. DEAL has elected to manage risk by taking varying working interest positions based upon reserve potential and perceived exploration risk. These interests range from 10% to 100%. Most joint venture business terms are structured in such a way that a drilling or re-entry commitment is tied to additional drilling options or other lands on the various prospects. The priority of permits, licenses or leases for oil and gas exploration (referred to as "lands") purchase is given to areas with multi-zone potential and proximal gathering systems.

The Company has drilled or participated in drilling 13 wells on 9 of its 14 project areas, since inception of exploration activity in Canada's Peace River Arch in late 2006. Six wells have tested gas and one has tested gas and oil. Three are recent wells for which completion and evaluation operations are underway. There are three more wells to be drilled to complete the Company's winter-07/08 program in the Peace River Arch area.

The drilling result was better than initially projected resulting with positive results in the Peace River Arch drilling program and should achieve > 10 million cubic feet of natural gas equivalent per day production. The Company expects natural gas and oil will be flowing by the end of Q2 2008 from at least 9 wells, with more development probable on discovery lands and at least five additional exploration projects, as yet undrilled on our existing land base, to follow.

b) Uranium Exploration Projects

During October 2006 the Company announced a transaction with Titan whereby Titan acquired the Company's uranium properties and in return the Company received 17.5 million common shares of Titan and 3.0 million Titan warrants while retaining a 1% net smelter return royalty ("NSR") and a carried 10% working interest to completed bankable feasibility study following which the Company could elect to convert its 10% carried interest to another 1% NSR.

Titan has completed a comprehensive 11,000-meter exploration program for 2007, and is currently developing its 2008 program. This partnership provided the Company with the capital to focus on exploiting oil and gas holdings in the Piceance and Uinta Basins, and other key projects.

c) Financial Condition

Since its reactivation to Tier 2 Issuer status on the TSX Venture Exchange in November 2004 to March 21, 2007, the Company has raised gross proceeds of over $54 million, through private placements and the exercise of warrants and options.

As at December 31, 2007, the Company had working capital of $11,336,000 as compared to working capital of $11,769,000 as at December 31, 2006. The Company had cash and cash equivalents of $13,512,000 as at December 31, 2007 as compared to cash and cash equivalents of $17,660,000 as at December 31, 2006. During the year ended December 31, 2007, the Company had received $11,288,000 cash from private placements financing and $3,417,000 cash from exercised share purchase warrants and stock options, $5,827,000 of which was used to pay off the promissory note and $8,138,000 of which was spent on specific oil and gas properties. The Company's net consolidated assets decreased by $12,006,000 during the year ended December 31, 2007, from $71,442,000 as at December 31, 2006 decreased to $59,436,000 as at December 31, 2007. The decrease was due to an impairment loss of $21,581,000 for the investment in Titan. The Company wrote down the book value of the investment in Titan from $34,181,000 to $12,600,000, representing the estimated fair value of 17,500,000 Titan common shares, 3,000,000 Titan warrants and the 1% NSR owned by the Company as at December 31, 2007.

ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements due to the immaterial effect (Details refer to Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2007).

a) Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized to cost. Changes in fair value are to be recognized in the statement of operations and the statement of comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

b) Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period resulting from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

URANIUM EXPLORATION PROJECTS

History of Uranium Exploration in Athabasca Basin

January 2005 Dejour announced it is entry into the business of exploration for uranium with the staking of its first mining claims located in the Athabasca Basin in northern Saskatchewan (the "Basin"). The Basin is the number one uranium address in the world. In less than 2 years the Company staked or acquired mineral rights to 68 claims and 4 permits consisting of 966,969 acres (391,320 hectares) with the Company owning 100% of the interest. The Company had spent approximately $7.0 million in acquisition and exploration on its uranium properties.

During October 2006 the Company announced a transaction with Titan whereby Titan acquired Dejour's uranium properties and in return Dejour received 17.5 million common shares of Titan and 3.0 million Titan warrants while retaining a 1% net smelter return royalty ("NSR") and a carried 10% working interest to completed bankable feasibility study following which the Company could elect to convert its 10% carried interest to another 1% NSR.

According to an Estimate Valuation Report by independent business valuator BDO Dunwoody Valuation Inc., dated March 29, 2007, the estimated value of the 17.5 million common shares of Titan and 3.0 million Titan warrants received were approximately $36.5 million. This figure excludes the values for the 1% NSR and 10% carried interest. A gain on disposition of $30 million was recognized in 2006. As at December 31, 2007, the Company owned roughly 33.7% of Titan's outstanding common shares with a carrying value of $12.6 million net of an impairment charge of $21.6 million in 2007.

About the Athabasca Basin

The Company's previously owned uranium properties are situated along the western and eastern margins and in the center of the Basin. The Basin became the focus for uranium exploration following the discovery in 1968 of a new, unconformity-related, high-grade uranium deposit along the eastern edge of the Basin at Rabbit Lake. This marked the beginning of the uranium exploration boom in the Basin. Major discoveries were made in the 1970's (Collins Bay, Key Lake and Midwest) and the 1980's (Cigar Lake, McArthur, Eagle Point, and Dominique-Peter).

The main exploration focus was on the definition of sub-Athabasca basement graphitic rocks, recognizable as electromagnetic conductors, because of the role they played in controlling the locations of the unconformity-type uranium deposits at or near the Athabasca basement contact.

The Basin has been explored sporadically from the late 1960's through to the present day with most of the work being carried out in the late 1970's and 1980's. The main companies involved included Saskatchewan Mining Development Company, now Cameco Corp, Cogema, and Uranerz Exploration and Mining Limited. These and numerous other exploration companies flew airborne electromagnetic, magnetic and radiometric surveys, carried out prospecting, ground geophysics, till and lake water and lake sediment sampling and diamond drilling.

The majority of the work was carried out on the eastern side of the Basin. The exploration work carried out to date on and in the vicinity of the Dejour-Titan properties has not been exhaustive. New and improved exploration technologies successful in defining anomalies elsewhere in the Basin are now being utilized on the properties.

Property Geology

The uranium properties are underlain by metamorphosed Aphebian sedimentary rocks, which contain graphitic horizons, and felsic intrusive rocks. These in turn are overlain by the flat lying late Proterozoic Athabasca Sandstone Formation which consists primarily of coarse sandstone with pebbly and conglomeratic layers. The thickness of the sandstone varies considerably from property to property.

On the Virgin River Trend South property the sandstone has been completely eroded. On the Virgin River North property the sandstone is 800m to 1500m thick and on the remaining thirteen properties the sandstone is 50m to 800m thick. On several properties the sandstone is cut by thin diabase dykes. Pre-Athabasca and post-Athabasca faulting is common on all the properties.

On the Maybelle and Gartner properties on the very west side of the Basin the sandstone also has a thin cover of Cretaceous clastic sediments.

All of the properties have been glaciated and have a thin veneer of glacial sediments covering the sandstone and basement rocks.

On all of the properties the information available from government and exploration sources indicates that the properties have geological features comparable to those found in the vicinity of uranium mineralization elsewhere in the Basin.

During 2007 and early 2008, Titan has developed a strong exploration mandate accentuated by several interesting joint ventures covering their lands with large international mining concerns. Two of these joint ventures with Japan Oil, Gas and Metals National Corporation ("JOGMEC") and Ur-Energy Inc. cover project areas on which the Company retains both carried and royalty interests.

Current Uranium Holdings

As at December 31, 2007, the Company held a 10% carried interest and 1% NSR in the following uranium properties:

	Hectares	Acres
Virgin Trend North	132,613	327,693
Virgin Trent South	31,594	78,070
R-Seven	54,531	134,739
Sand Hill Lake	74,312	183,678
Fleming Island	34,325	84,819
Gartner Lake	24,157	59,693
Maybelle River	16,473	40,706
Meanwell Lake	14,989	37,038
Thorburn Lake	2,802	6,924
Hoppy North	1,924	4,754
Hoppy South	1,271	3,141
Umpherville Lake	1,095	2,706
Carlson Creek (Sheila)	759	1,875
Umpherville West	321	793
Bozo Project	154	380
Total	391,320	966,969

The carrying values of the Company's 10% carried interests were:

	Balance Dec. 31, 2005	Exploration & Development	Disposal (Note 5)	Balance Dec. 31, 2006	Exploration & Development	Balance Dec. 31, 2007
Bozo	$ 3,298	$ 9,381	$ (11,411)	$ 1,268	$ -	$ 1,268
Fleming Island	263,605	105,219	(331,942)	36,882	-	36,882
Gartner Lake	208,141	23,362	(208,353)	23,150	-	23,150
Hoppy North	22,080	33,885	(50,369)	5,596	-	5,596
Hoppy South	15,374	23,405	(34,901)	3,878	-	3,878
Maybelle River	178,372	18,739	(177,400)	19,711	-	19,711
Meanwell Lake	153,683	539,460	(623,829)	69,314	-	69,314
R-Seven	351,883	1,730,127	(1,873,809)	208,201	-	208,201
Sand Hill Lake	505,568	1,099,548	(1,444,604)	160,512	-	160,512
Carlson Creek (Sheila)	9,948	18,981	(26,036)	2,893	-	2,893
Thornburn Lake	31,547	28,586	(54,120)	6,013	-	6,013
Umpherville Lake	13,447	17,632	(27,971)	3,108	-	3,108
Umpherville West	5,038	9,467	(13,054)	1,451	-	1,451
Virgin Trend North	342,978	1,109,288	(1,307,039)	145,227	-	145,227
Virgin Trend South	92,177	5,691	(88,081)	9,787	-	9,787
Total Uranium Properties	$ 2,197,139	$ 4,772,771	$ (6,272,919)	$ 696,991	$ -	$ 696,991

OIL AND GAS EXPLORATION

Canadian Activities

Commencing April 1, 2006 the Company has entered a joint venture arrangement with Charles W.E. Dove, who has been an advisory board member of the Company since November 2004, and a principal with Dove & Kay Exploration Ltd. of Calgary.

Mr. Dove, a geophysicist, with over 27 years oil & gas experience, left his geophysical consulting business to join with the Company to identify, generate and pursue certain oil & gas opportunities in the Western Sedimentary Basin. The Joint Venture is incorporated as Dejour Energy (Alberta) Ltd. ("DEAL") and was originally owned and funded 90% by the Company, with Mr. Dove's company, Wild Horse Energy Ltd. owning and funding the remaining 10%.

Effective June 1, 2007, the Company purchased Wild Horse Energy Ltd. from Mr. Dove. This purchase resulted in DEAL becoming a wholly owned subsidiary of the Company. The purchase price was based on land and reserve values established by McDaniel and Associates Consultants Ltd., an independent evaluation firm in Calgary, Alberta. Mr. Dove continues as President and COO of DEAL.

Numerous oil and gas prospects are being pursued and developed. DEAL has elected to manage risk by taking varying working interest positions based upon reserve potential and perceived exploration risk. These interests range from 10% to 100%. Most joint venture business terms are structured in such a way that a drilling or re-entry commitment is tied to additional drilling options or other lands on the various prospects. Land purchase priority is given to areas with multi-zone potential and proximal gathering systems.

In October 2006, DEAL successfully concluded a Participation Agreement allowing it to participate in the drilling of a high potential natural gas well in an area known as the Noel Area, in N.E. British Columbia, Canada. DEAL paid 15% of the costs to earn a 9.375% working interest in 2,220 acres with an option to drill additional wells earning 2,220 acres to a maximum of 10,725 acres. Drilling commenced in the 1st quarter of 2007 and the well was dry. The Company had earned the working interest of 2,220 acres, but the Company decided not to exercise options to earn more lands. As a result, the Company recorded an impairment provision of $670,794 for the year ended December 31, 2007.

DEAL has been acquiring lands at public sales and by private purchase. Lands acquisition through purchase or earning has resulted in DEAL owning an average 46% interest in approximately 33,570 acres of lands with further options or a right of first refusal on approximately 5,760 acres in the Peace River Arch area of Alberta.

During the first and second quarters of 2007, DEAL concluded business agreements on four additional prospects resulting with the drilling of four wells and re-entry of a fifth. During the third quarter DEAL purchased 1,419 ha (3,548 acres) of lands and crown sales and privately at an average cost of $420.83/ha ($168.33/acre). Total land bonus paid was $597,163.28. These lands are at 100% working interest. Fourth quarter 2007 activities included the purchase of 1,708 ha (4,270 acres) of land, 1,452 (3,630 acres) of which were the Company postings, at government sales for an average of $243.15/ha ($97.26/acre). Total bonus cost for these purchases was $415,302 at 100% working interest. Seismic programs were recorded in three areas, one of these carried over into 2008. These are designed to evaluate lands for drilling in 2008 and 2009.

Results and activity on these prospects are summarized below.

Drake

843ha (2,108 acres) of the lands purchased in 2007 are in the Drake area of northeast British Columbia. The two gas wells resulting from the Q2 2007 drilling at Drake will be tied in as soon as the permitting is complete and ground conditions permit. Initial rates from these two wells are anticipated to be approximately 1.5 mmcf/day net to the Company. For the 2007/2008 winter drilling season a total of four new wells, three of which will be drilled to evaluate the deeper Halfway formation as well as the proven Notikewin sands, are planned. Two are on lands earned by last winters' drilling and two on 100% working interest lands purchased at a crown sale. Working interest in lands earned last winter has been increased from 60% to 92% on 700 of the 1,400 acres earned. Interest in the remaining 700 acres remains at 100% before payout and 60% after payout. Final locations for the 2007/8 winter drilling were chosen based on interpretation of 3D seismic data purchased over all the Company's working interest land in the area. Subsequent to the year ended December 31, 2007, the four wells were drilled and completed for production. Pipelines and equipment are currently being placed to produce these wells. These new wells tested at flow rates of 500 to over 1600 mcf/day. Infrastructure in the Drake area will have design capabilities to handle up to 10 mmcf/day.

Wembley

At Wembley, Alberta, an existing well bore was re-entered and a re-completion attempted in the Notikewin formation during the 2006/7 winter. The Company earned a 50% working interest in a 100% before payout, 60% after payout farm-in in on two sections with the re-entry. This resulted in non-economic gas; however, it allowed the Company to continue four section of land past lease expiry to evaluate two other prospective zones. An exploration well commenced drilling in late December to test these zones. A partner company was invited into this prospect during drilling reducing the Company's interest from 100 to 70%. The well was completed in early 2008 and tested under 100 mcf/day and was deemed non-economic.

Chinchaga

At Chinchaga, Alberta, the Company participated for a 10% working interest in a Slave Point test well in Q1 2007. This was on a farm-in whereby the Company reimbursed the land holder for 10% of land costs subject to a royalty of 12.5% on 7,680 acres and 7.5% on 5,120 acres of the 12,800 acres included in the farm-out. A well was drilled on a seismically defined anomaly similar to the Ladyfern 30 miles to the west. Although this well was not economic, the results are being evaluated which may lead to further drilling in the area. The Company elected to increase its interest to 45% in 2,560 acres prior to completion of drilling of the test well. In addition the company has a ROFR on 5,760 acres.

Saddle Hills

In the Saddle Hills area, in Q1 2007 DEAL participated in drilling a well on a five section block of land at 30% working interest to earn 30% subject to 10% non-convertible royalty. The operator expects to tie in the gas well drilled last winter and drill one location in Q2 2008. The Company is operating a seismic program on behalf of the joint venture to aid in future development plans. Last winters gas well tested over 1.5 mmcf/day total from two zones. Agreements are being finalized to add 7 sections at 30% working interest.

Manning

The Company participated at 40% working interest in a farm-in on seven sections of land. A test well commenced drilling in December 2007 and will be completed in early 2008. This well will earn all seven sections subject to non-convertible royalty.

LaGlace

At LaGlace, the company purchased a quarter section of land privately to test a shallow oil play. The well was drilled and cased in December 2007 and will be completed and evaluated in 2008.

Cecil

A seismic program was recorded at Cecil. Based on this program, a well was drilled in Q1 2008 and the Company expects to tie-in the well for production in Q2 2008. The Company's interest in this prospect is 95%.

Boundary Lake

Land was posted and purchased in B.C. and Alberta in this area. An exploration well is drilled and cased in Q1 2008 and is in the process of being evaluated.

Carson Creek

At Carson Creek, land was purchased privately and a test well commenced drilling in late 2007. This well was completed and will be placed on production as soon as possible.

Kaybob

Land was posted and purchased in the Kaybob area. A seismic program began operation in Q4 2007 and was completed in January 2008. This will guide future development plans for this oil prospect.

Future Plans

The Company is adding oil prospects to its inventory of prospects in Alberta will continue an aggressive development plan for the prospects at Drake B.C. To facilitate the growing operation, DEAL has been increasing its working interests in prospects and has obtained the required permits to drill and operate oil and gas properties in Alberta and British Columbia The Company has added additional contract personnel to assist with lands and engineering requirements and is pursuing additional lands to expand on current success.

Summary of Capitalized Canadian Oil and Gas Expenditures

A continuity summary of capitalized acquisition costs, exploration expenditures in the Company's Canadian oil and gas properties for the year ended December 31, 2007 are as follows:

Canadian Oil and Gas Properties	December 31, 2006 Net Book Value	December 31, 2007 Net Expenditures	Write-off	Net Book Value
Alderson 3D				
Consulting and general	$ -	$ 2,500	$ -	$ 2,500
Seismic	-	180,253	-	180,253
	-	182,753	-	182,753
Boundary Lake South				
Acquisition	-	174,579	-	174,579
Consulting and general	-	5,020	-	5,020
Drilling program	-	202,125	-	202,125
	-	381,724	-	381,724
Carson Creek				
Consulting and general	-	16,405	-	16,405
Drilling program	-	518,624	-	518,624
Seismic	-	475	-	475
	-	535,504	-	535,504
Cecil				
Acquisition	-	127,113	-	127,113
Consulting and general	-	19,529	-	19,529
Drilling program	-	14,488	-	14,488
Seismic	-	146,027	-	146,027
	-	307,157	-	307,157
Chinchaga				
Acquisition	-	159,018	-	159,018
Consulting and general	-	2,953	-	2,953
Drilling program	-	321,209	-	321,209
	-	483,180	-	483,180
Drake				
Acquisition	-	731,265	-	731,265
Consulting and general	-	184,651	-	184,651
Drilling program	-	1,252,105	-	1,252,105
Seismic	-	317,145	-	317,145
	-	2,485,166	-	2,485,166
Kaybob				
Acquisition	-	227,032	-	227,032
Consulting and general	-	10,888	-	10,888
Seismic	-	258,643	-	258,643
	-	496,563	-	496,563
LeGlace				
Acquisition	-	30,225	-	30,225
Consulting and general	-	8,599	-	8,599
Drilling program	-	481,385	-	481,385
Seismic	-	70	-	70
	-	520,279	-	520,279
Manning Area				
Consulting and general	-	5,800	-	5,800
Drilling program	-	107,840	-	107,840
	-	113,640	-	113,640
Noel				
Drilling program	-	670,794	(670,794)	-
Saddle Hills				
Acquisition	-	9,724	-	9,724
Consulting and general	-	1,080	-	1,080
Drilling program	-	500,425	-	500,425
Seismic	-	23	-	23
	-	511,252	-	511,252

	December 31, 2006	December 31, 2007		
Canadian Oil and Gas Properties (Cont'd)	**Net Book Value**	**Net Expenditures**	**Write-off**	**Net Book Value**
Wembley				
Acquisition	$ -	$ 122,330	$ -	$ 122,330
Consulting and general	-	8,249	-	8,249
Drilling program	-	1,048,301	-	1,048,301
	-	1,178,880	-	1,178,880
Others				
Acquisition	1	57,521	-	57,522
Consulting and general	-	15,011	-	15,011
Drilling program	-	11	-	11
Seismic	-	90	-	90
	1	72,633	-	72,634
Total Ganadian Oil and Gas Properties	**$ 1**	**$ 7,939,525**	**$ (670,794)**	**$ 7,268,732**

US Activities

Colorado - Utah Oil & Gas Projects (Piceance)

In July 2006, the Company successfully concluded the purchase of its interests in 267 oil and gas leases covering 254,068 net acres (397 sections of land) in the Piceance and Uinta Basins of Western Colorado and Eastern Utah for a total cost of CAD$25,152,510 in cash, stock, note and debentures. The note was fully paid by June 2007 and US $349,850 of the Debentures plus capitalized interests was converted to 273,399 common shares of the Company. The remaining Debentures, in the combined total outstanding amount of US $1,047,995 plus capitalized interests are redeemable by July 15, 2008 (Details refer to Note 7 (b) to the Company's audited consolidated financial statements for the year ended December 31, 2007).

Subsequently, the company acquired an interest in an additional 21,866 net acres (34 sections) such that the current total of leases is 295. These additional 28 leases are contained within an Area of Mutual Interest as defined in the 2006 purchase agreement.

The projects consist of two types. The Company holds a 25% working interest in the "Natural Gas Resource" projects which are a well defined stratigraphic gas resource, covering 207,934 net acres containing low geologic risk natural gas assets plus the opportunity for deeper Jurassic reserves. The Company holds a 12.5% interest in the second project, a massive deep "Subthrust Oil" project covering 68,000 net acres in the northern Piceance/Uinta Basins with a high reward potential and commensurate risk. According to the Operator, the Subthrust project has prospective resource estimates of 2 billion barrels of oil, and is directly analogous to the Rangeley field located immediately adjacent; having produced over 1 billion barrels to date.

Leasehold acreage net royalty interest ("NRI") is 80% except for 1 lease that is 78%. Dejour will pay an unpromoted proportionate share of all exploration expenses including seismic, drilling, completion or abandonment and equipping.

On July 2, 2007 the Company received 2 AFE's (Authorities For Expenditure) from the Operator proposing the drilling of 2 wells on its N. Barcus Creek Prospect located in Rio Blanco County, Colorado. The Company elected to participate in the drilling of the 2 proposed wells, known as the #1-12 and #2-12 wells, located in Section 12, T1N, R99W.

The #1-12 well is a direct offset to a well drilled in 1979 to 15,700' known as the Federal #22-12 well. Prior to commencement of drill operations the Company engaged Gustavson Associates, Boulder Colorado (Geologists – Engineers - Appraisers) to conduct a petrophysical analysis of the Federal #22-12 well in comparison with the proposed #1-12 and #2-12 wells. In its report, Gustavson discloses that it is their interpretation from log analysis and tests run on the #22-12 well, that there exist reservoir properties inclusive of over 260' of possible pay, that are similar to other wells in the Rio Blanco County area which produce gas from the Williams Fork/Mesaverde formations.

On July 22, 2007 a shallow capable drill rig commenced drill operations and by August 8, 2007 had drilled to a depth of 3,225' and subsequently set surface casing. The shallow drill rig was released; a deeper capable rig moved in and on August 16, 2007 continued drill operations. On August 27, 2007 the deeper rig reached the target depth of 11,150' and on September 2, 2007 rig was released. Operations to complete the #1-12 well commenced on September 13, 2007 and have continued through to the present. The well awaits connection to a pipeline.

Drill operations on the #2-12 well commenced on August 7, 2007 when the shallow rig utilized on the #1-12 well was relocated to the #2-12 location. The #2-12 well is within 1,800' of the #1-12 well. The #2-12 well was drilled to a depth of 3,260' and surface casing was set. The shallow drill rig was released and the deeper rig, the same one utilized for the deepening of the #1-12 well, was mobilized and on September 8, 2007 continued drill operations. On September 21, 2007 the deeper drill rig reached the target depth of 11,300' and on September 24, 2007 the deeper drill rig was released. Operations to complete the #2-12 well commenced on September 25, 2007 and shortly thereafter were suspended pending results of the #1-12 well. After some delay the completion program recommenced and currently the well is shut in pending installation of a pipeline. Negotiations are underway to install a pipeline to allow production from the N. Barcus Creek wells.

The Operator also has advised the company that it has received approval to allow it to drill 2 additional wells on the N. Barcus Creek acreage.

The current working interest partners are:

	'Natural Gas Resource'	'Subthrust Oil'
Dejour Energy (USA) Corp.	25%	12.5%
Brownstone Ventures (US) Inc.	10%	10%
Retamco Operating, Inc.	65%	77.5%

Tinsley Prospect

By agreement dated September 1, 2005 the Company acquired the rights to participate in an oil and gas exploration joint venture known as the Tinsley Deep Prospect located in Yazoo County, Mississippi (the "Tinsley Prospect"). The Tinsley Prospect originally comprised of 5,100 gross acres and 4,613 net acres. During December 2005 the operator commenced drilling operations on a test well known as the Merit Partners #1, eventually drilled to a total depth of 11,237 feet.

The Company paid acquisition costs representing the Company's 43% prospect interest which included payment for leasehold interests, brokerage, seismic processing and prospect development. In the initial well the Company paid 46.6% of the drilling and/or abandonment costs, and 34.9% of completion costs to earn a 34.9% WI BPO (working interest before payout) [28.2% NRI BPO (net revenue interest before payout)] and 29.4% WI APO (working interest after payout) [25.6% NRI APO (net revenue interest after payout)]. The agreement also contains an Area of Mutual Interest consisting of approximately 45 sq. miles defined by the area covered by certain seismic data.

In March 2006, the Company was advised by the operator of the Tinsley Prospect that the well was not economic. As a result, the Company recorded an impairment provision of $2,375,926 in 2006.

In the 1st quarter of 2007 the Company reached an agreement with the Operator such that the Company transferred its interest in the Merit Partners #1 wellbore along with certain shallow rights in roughly 616 net acres of oil & gas leases and in return the Company received 100% ownership of 1,736 net acres of oil & gas leases containing the rights below the base of the Hosston formation. The Company will not be required to pay its share of plugging and abandonment costs for the Merit Partners #1 wellbore.

In 2007, the Company concluded an agreement with a private Mississippi based company with the Company contributing its land and technical information from the Tinsley Prospect to a joint venture. The Mississippi based corporation has acquired additional leasehold interests, identified additional partners and an operator and together with the Company plans the drilling of additional wells over the next 12 months.

Lavaca Prospect

By agreement dated October 1, 2005 the Company acquired the rights to participate in oil and gas exploration joint venture known as the Lavaca Prospect located in Mitchell County, Texas (the "Lavaca Prospect"). The Lavaca Prospect was originally comprised of 6,181 gross acres and 3,998 net acres. During November 2005 the operator commenced drilling operations on a test well drilled to 8,200 feet.
The Company paid acquisition costs representing the Company's 10% interest which include payment for leasehold interests, brokerage and prospect development. In the initial well the Company paid 13.3% of the drilling costs and 10% of completion costs estimated at to earn a 10% WI (working interest) [7.5% NRI (net revenue interest)]. The agreement also contains an Area of Mutual Interest consisting of all land within one mile from the outside borders of the leasehold lands.

In September 2006, the Company was advised by the operator of the Lavaca Prospect that the Purvis #1 well is not economic and commenced operations to plug and abandon the well. As a result, the Company recorded an impairment provision of $220,148 in 2006.

Wilcox (Texas) Acquisition

By Letter of Intent dated August 15, 2007 the Company conditionally agreed to purchase proved producing and undeveloped reserves contained in a 2,100 acre unit located in Liberty County Texas. The Company agreed to pay a purchase price amounting to US $3.5 million cash subject to minor gas balancing adjustments. During the Company's due diligence process it discovered title defects involving the vendor's properties and pursuant to a provision within the Letter of Intent on September 4, 2007 the Company issued its notice of intention to terminate the agreement.

Summary of Capitalized US Oil and Gas Expenditures

A continuity summary of capitalized acquisition costs, exploration expenditures in the Company's US oil and gas properties for the year ended December 31, 2007 are as follows:

	December 31, 2006	December 31, 2007		
	Net Book Value	Net Expenditures	Write-off	Net Book Value
US Oil and Gas Properties				
Colorado/Utah Projects				
Acquisition	$ 25,182,532	$ 285,176	$ -	$ 25,467,708
Consulting and general	-	143,804	-	143,804
Drilling program	-	1,796,849	-	1,796,849
	25,182,532	2,225,829	-	27,408,361
Lavaca Project				
Acquisition	-	381	-	381
Tinsley Prospect				
Acquisition	1	37,023	-	37,024
Turtle Bayou				
Acquisition	1	-	-	1
Total US Oil and Gas Properties	**$ 25,182,534**	**$ 2,263,233**	**$ -**	**$ 27,445,767**

SHARE CAPITAL

The following is a summary of share transactions for fiscal 2006 and 2007:

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

	Common Shares	Value
Balance at December 31, 2005	39,016,789	$ 18,190,174
Common shares issued in 2006		
- Acquisition of Retamco Project - Piceance/Uinta Basin	5,500,000	12,088,991
- for cash by private placements	8,071,333	11,329,002
- for cash on exercise of agent's options	499,909	349,937
- for cash on exercise of warrants	7,051,285	7,076,746
- for cash on exercise of stock options	760,407	433,321
- Contributed surplus reallocated on exercise of stock options	-	257,520
- renounced flow through share expenditures	-	(1,054,308)
Balance at December 31, 2006	60,899,723	48,671,383
- for conversion of convertible debenture	273,399	394,752
- for cash by private placements	4,773,980	11,287,668
- for cash on exercise of warrants	3,444,490	2,859,863
- for cash on exercise of stock options	736,737	557,800
- Contributed surplus reallocated on exercise of stock options	-	335,038
- renounced flow through share expenditures	-	(2,712,540)
Balance at December 31, 2007	70,128,329	$ 61,393,964

STOCK OPTIONS AND SHARE PURCHASE WARRANTS

The following table summarizes information about stock option transactions:

	Outstanding Options	Weighted Average Excercise Price	Weighted Average Remaining Contractual Life
Balance, December 31, 2005	3,311,192	$ 0.53	2.71 years
Options granted	2,010,000	1.85	
Options exercised	(760,407)	0.57	
Options cancelled and expired	-	-	
Balance, December 31, 2006	4,560,785	1.14	1.93 years
Options granted	3,095,000	2.20	
Options exercised	(736,737)	0.76	
Options cancelled and expired	(1,291,567)	2.39	
Balance, December 31, 2007	5,627,481	$ 1.49	1.96 years

Details of options outstanding and exercisable as at December 31, 2007 are as follows:

Number of Options Outstanding and vested	Exercise Price	Remaining Contractual Life (Years)
484,630	$ 0.275	1.84
489,567	0.550	0.14
33,625	0.660	0.29
816,667	0.600	0.69
4,585	0.900	0.84
133,333	1.400	1.25
711,083	2.100	1.33
10,417	1.750	1.84
125,000	1.950	0.92
83,333	2.350	2.09
411,250	2.000	3.07
8,333	2.050	2.72
3,311,823		

As at December 31, 2007, 1,962,000 outstanding and vested options are “in the money” (the exercise price is less than the market trading price). If these options were fully exercised, the Company would realize approximately $1,105,000 in additional capital.

The following table summarizes information about share purchase warrants:

	Outstanding Warrants	Weighted Average Excercise Price	Weighted Average Remaining Contractual Life
Balance, December 31, 2005	9,403,071	$ 0.89	1.42 years
Warrants issued	2,192,720	1.56	
Warrants exercised	(7,051,285)	1.00	
Warrants expired	-	-	
Balance, December 31, 2006	4,544,506	1.03	0.41 years
Warrants issued	2,372,531	3.15	
Warrants exercised	(3,444,490)	0.83	
Warrants expired	(1,100,016)	1.64	
Balance, December 31, 2007	2,372,531	$ 3.15	1.31 years

Details of warrants outstanding as at December 31, 2007 are as follows:

Number of Warrants Outstanding	Exercise Price	Remaining Contractual Life (Years)
2,104,129	$ 3.35	1.40
268,402 *	1.47 *	0.54
2,372,531		

*268,402 warrants were denominated in US dollar and are exercisable at US $1.50 per share.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007 and 2006, the Company entered into the following transactions with related parties:

a) During 2007, the Company incurred a total of $187,500 (2006 - $136,670) in consulting fees and accrued US $34,195 (2006 – US $14,830) of interest at 8% per annum related to US $400,000 of convertible debentures and $63,000 (2006 - $63,000) bonus payment to private companies controlled by the CEO of the Company.

b) During 2007, the Company incurred a total of $157,500 (2006 - $129,000) in consulting fees and accrued US $21,320 (2006 – US $14,830) of interest at 8% per annum related to US $400,000 of convertible debentures and $63,000 (2006 - $63,000) bonus payment to the President or a private company controlled by the President of the Company. In April 2007, US $200,000 of convertible debentures was converted to 148,148 Units. Each Unit consists of one common share and one warrant, exercisable at US $1.50 per share, expiring on July 15, 2008. The Company also issued 9,254 Units to settle US $12,493 of accrued interest.

c) During 2007, the Company incurred $146,965 (2006 - $107,640) in consulting fees to a private company controlled by the CFO. The Company also accrued US $32,222 (2006 - US $14,830) of interest at 8% per annum related to US $400,000 of convertible debentures to an individual related to the CFO. In November 2007, US $149,850 of convertible debentures was converted to 111,000 units. Each unit consists of one common share and one warrant, exercisable at US $1.50 per share, expiring on July 15, 2008.

d) During 2007, the Company's subsidiary ("DEAL") incurred a total of $172,750 (2006 - $105,625) in consulting fees to private companies controlled by the President of DEAL. The Company purchased Wild Horse Energy Ltd. for $354,880 from the President of DEAL. Wild Horse Energy Ltd. owned 10% shares of DEAL.

e) During 2007, the Company incurred $113,556 (2006 - $Nil) in consulting fees to a private company controlled by the vice-president of the Company.

f) During 2007, the Company incurred $45,500 (2006 - $Nil) in meeting attendance fees to the Company's independent directors.

g) Included in May 2007 private placements at $2.65 per Unit, 148,000 Units were issued to officers and directors. Included in November 2007 flow-through shares issuance at $1.82 per share, 680,000 flow-through shares were issued to officers and directors.

These transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2007

The Company's net loss for the year ended December 31, 2007 was $26,811,000 or $0.40 per share, compared to a net income of $23,888,000, or $0.45 per share for the year ended December 31, 2006. Included in the net loss for fiscal year 2007 was an impairment of investment in Titan of $21,581,000 and an equity loss from Titan of $2,352,000, in which $1,844,000 relates to non-cash stock-based compensation expense. The impairment of investment in Titan was the book value of the investment in Titan written down to the fair market value as at December 31, 2007. Equity loss from Titan relates to the Company's proportionate share of Titan's losses in the current year.

In December 2006, the Company completed the sale of the Company's uranium properties located in the Athabasca Basin, Saskatchewan, Canada, and all related exploration data to Titan. According to an Estimate Valuation Report by independent business valuator BDO Dunwoody Valuation Inc., the estimated value of the 17.5 million common shares of Titan and 3.0 million Titan warrants received were approximately $31.5 million and $4.8 million respectively. This figure excludes the values for the 1% NSR and 10% carried interest. The Company realized a gain on disposition of $30,177,000, which included in year 2006 net income.

The Company's general and administration expenses of $7,129,000 were significantly higher in 2007 than $4,134,000. Major increases included in the general and administration expenses for the current year are increases of $1,166,000 stock-based compensation, $806,000 fees for management and consultants, $245,000 professional fees, $187,000 interest expense and finance fee, $151,000 office and general expenses, $144,000 property investigation costs, $137,000 regulatory and filing fees, and $143,000 travel and accommodation expenses.

The granting and vesting of stock options during 2007 resulted in non-cash stock-based compensation expenses of $2,461,000, compared to $1,295,000 in 2006. The increase was mainly due to the vesting of stock options previously granted and higher stock prices in 2007. The Company determined the fair value of stock options using the Black-Scholes option pricing model. The compensation cost was measured at the date of grant and was expensed over a vesting period.

Fees for management and consultants in 2007 were $1,633,000, as compared to $827,000 in 2006, and office and general expenses in 2007 were $375,000, as compared to $224,000 in 2006. The increases were mainly due to the setup of Denver office and significantly increased business activities in the Company's Calgary office with respect to exploration and development in oil and gas. The Company had been actively looking for oil and gas projects that would add to shareholder values.

Professional fees in 2007 were $289,000, as compared to $44,000 in 2006, and regulatory and filing fees in 2007 were $230,000, as compared to $93,000. The increase was mainly due to legal fees paid for investigating potential oil and gas properties and increased filings for the Company's shares listed on the American Stock Exchange. Travel and accommodation expenses in 2007 were $285,000, as compared to $142,000 in 2006. The increase was a result of the commencement of drilling in many of the Company's oil and gas projects and the setup of Denver office.

Interest expense and finance fee in 2007 were $294,000, as compared to $107,000 in 2006. The increase was mainly due to interests incurred in convertible debentures from July 2006.

Property investigation costs and taxes in 2007 were $261,000, of which $236,348 was Part XII.6 tax related to $5 million 2006 remaining flow-through funds renounced in February 2007, using the look-back rule.

Future income tax recovery in 2007 was $1,921,000, as compared to $454,000 of future income tax expenses in 2006. The Company renounced $7,950,000 of Canadian Exploration Expenditures ("CEEs") to investors in February 2007, as compared to $3,090,000 renunciation in February 2006. Under Canadian generally accepted accounting principles, the renunciation of CEEs results in future income tax liabilities and share issuance costs. The Company's previously unrecognized future income tax assets relating to loss carry forwards were offset against future income tax liabilities resulting from the renunciation of CEEs resulting in future income tax recoveries.

RESULTS OF OPERATIONS – THE FOURTH QUARTER ENDED DECEMBER 31, 2007 AND 2006

	Three Months December 31, 2007	Three Months December 31, 2006
EXPENSES		
Amortization	$ **8,910**	$ 4,174
Fees for management and consultants	**492,696**	358,499
Interest expense and finance fee	**47,258**	60,241
Investor relations	**195,335**	195,607
Office and general	**162,630**	96,175
Professional fees	**119,184**	3,396
Property investigation costs	**235,252**	(32,446)
Regulatory and filing fees	**84,220**	40,966
Rent	**63,814**	58,083
Stock based compensation	**532,266**	411,842
Travel and accommodation	**116,352**	38,669
	2,057,917	1,235,206
LOSS BEFORE THE FOLLOWING AND INCOME TAXES	**(2,057,917)**	(1,235,206)
Interest and other income	**211,569**	184,061
Gain on disposition of uranium properties	**-**	30,177,082
Equity loss from Titan	**(119,926)**	(19,031)
Finder's fee	**-**	306,271
Foreign exchange gain (loss)	**(53,462)**	12,900
Impairment of investment in Titan	**(21,581,177)**	-
Impairment of oil and gas properties	**(7,250)**	(45,512)
(LOSS) / INCOME BEFORE INCOME TAXES FOR THE PERIOD	$ **(23,608,163)**	$ 29,380,565
FUTURE INCOME TAXES RECOVERY (EXPENSE)	**2,941,010**	**(453,926)**
NET (LOSS) / INCOME FOR THE PERIOD	**(20,667,153)**	28,926,640
EARNINGS (LOSS) PER SHARE - BASIC	$ **(0.43)**	$ 0.57

The Company's net loss for 2007 Q4 was $20,667,000 or $0.34 per share, compared to a net income of $28,927,000, or $0.57 per share for 2006 Q4. Included in the net loss for 2007 Q4 was an equity loss from Titan of $120,000, in which $18,000 relates to non-cash stock-based compensation expense. Equity loss from Titan relates to the Company's proportionate share of Titan's losses in the quarter.

As discussed previously, the Company recorded an impairment of investment in Titan of $21,581,000 as at December 31, 2007.

As discussed previously, the Company successfully closed the sale of its uranium properties to Titan in December 2006 and recorded a gain on disposition of $30,177,000.

As discussed previously, $236,348 of Part XII.6 tax related to the renunciation of $5 million 2006 remaining flow-through funds was included in property investigation costs and taxes.

Other major changes included in the net loss for 2007 Q4, compared to 2006 Q4, are increases of $134,000 fees for management and consultants, $116,000 professional fees, $120,000 stock-based compensation, $78,000 travel and accommodation and $66,000 office and general expenses.

As discussed previously, the increased expenses mainly reflected the Company's significantly increased business activities with respect to exploration and development in oil and gas projects, expanding shareholders' base and better communicating the Company's business plan to potential investors.

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 $)

	2007	2006	2005
	$	$	$
Total Assets	63,143,499	80,677,728	16,016,353
Cash	13,511,655	17,660,163	12,387,314
Resource Properties	35,411,490	25,879,526	3,425,154
Investment in Titan	12,600,000	36,538,953	-
Gain on disposition	44,023	30,177,082	-
Interest income	806,147	673,559	99,530
Net (Loss) Income	(26,810,673)	23,887,726	(1,611,919)

SUMMARY OF QUARTERLY RESULTS

The following summary for the eight most recently completed financial quarters ending December 31, 2007 details pertinent financial and corporate information, which is unaudited and prepared by Management of the Company. For more detailed information, refer to related consolidated financial statements.

Quarter ended	Dec. 31, 2007 $	Sept. 30, 2007 $	June 30, 2007 $	Mar. 31, 2007 $	Dec. 31, 2006 $	Sept. 30, 2006 $	June 30, 2006 $	Mar. 31, 2006 $
Revenues	211,569	196,573	231,488	166,517	184,061	192,043	200,579	96,876
Net Income (Loss)	(20,667,153)	(2,250,133)	(2,033,690)	(1,824,205)	28,926,640	(953,748)	(907,022)	(3,178,144)
Gain (Loss) per share	(0.34)	(0.03)	(0.03)	(0.03)	0.57	(0.02)	(0.02)	(0.08)
Fully diluted gain (loss) per share	(0.34)	(0.03)	(0.03)	(0.03)	0.54	(0.02)	(0.02)	(0.08)

LIQUIDITY

Working capital was $11,336,000 as at December 31, 2007, as compared to $15,147,000 as at September 30, 2007 and $11,769,000 as at December 31, 2006 respectively. Cash balances on December 31, 2007 were $13,512,000, compared to $14,987,000 on September 30, 2007 and $17,660,000 on December 31, 2006 respectively.

In 2007, the Company received net proceeds of $11,288,000 from private placements financing and $3,417,000 from exercised share purchase warrants and stock options, $5,827,000 of which was used to pay off the promissory note and $8,138,000 of which was spent on specific oil and gas properties. In 2007 Q4, the Company spent $1,303,000 cash for oil and gas properties.

In 2006, the Company raised net proceeds of $19.5 million through private placements and the exercise of warrants and options. As a result, its working capital position improved significantly.

$1,044,000 of the convertible debentures matures on July 15, 2008 and is convertible at US $1.35 per unit. Each unit consists of one common share and one warrant, exercisable at US $1.50 per share, expiring on July 15, 2008. The Company's share price was $1.50 at December 31, 2007 and $1.56 at March 17, 2008. The Company estimated that the convertible debentures would be converted to the Company's common shares by July 15, 2008.

As at December 31, 2007, the Company had 1,962,000 outstanding and vested options that are "in the money" (the exercise price is less than the market trading price), with a potential capital resource of $1,105,000 if fully excised.

In November 2007, the Company issued 1,000,000 flow-through common shares ("FTS") at $1.82 per share and raised $1,820,000. Under the FTS agreement, the company is obligated to spend $1,820,000 in Canadian Exploration Expenditures ("CEEs") by December 31, 2008, of which $263,000 had been spent to December 31, 2007 and the remaining $1,557,000 was fully spent subsequent to year end.

In March 2006, the Company issued 5,300,000 FTS at $1.50 per shares and raised $7,950,000. The Company spent $2.6 million of CEEs by December 31, 2006 and spent the remaining $5.3 million of CEEs by December 31, 2007.

The Company had already fulfilled its CEE obligations under FTS agreements. The Company expects natural gas and oil will be flowing by the end of 2008 Q2 from at least 9 wells in Peace River Arch, which should provide more than 10 million cubic feet of natural gas equivalent per day production.

SUBSEQUENT EVENTS

Significant events that occurred after the year ended December 31, 2007 are disclosed in Note 17 of the audited consolidated financial statements for the year ended December 31, 2007 and elsewhere in this MD&A.

a) Stock Options

Subsequent to December 31, 2007, the Company granted 2,100,000 incentive stock options with a weighted exercisable price at $1.42 per share to independent directors, management, officers and consultants of the Company.

Subsequent to December 31, 2007, 509,549 common shares were issued upon the exercise of stock options for proceeds of $284,589 and 266,800 incentive stock options were forfeited.

b) Renunciation of Canadian Exploration Expenditures ("CEEs")

In January 2008, the Company renounced $1,820,000 flow-through funds to investors, using the look-back rule. $263,222 of renounced CEEs had been spent by December 31, 2007 and approximately $1,557,000 is committed to be spent by December 31, 2008.

In February 2008, the Company filed Part XII.6 tax return related to CEEs renunciation with effective date December 31, 2006 and paid $263,953 of Part XII.6 tax.

c) Anticipating Early Production

Subsequent to December 31, 2007, in Q1 2008, the Company is in the final stages of completion of its most rewarding drilling program to date in Canada's Peace River Arch, targeting > 10,000,000 cubic feet natural gas equivalent per day production from current operations in this area. In total, eleven (11) wells are being prepared for production.

The Company has successfully drilled and cased the #6 well at Drake. Production testing at this location indicates this well to be a significant producer analogous to the #5 well which tested 1,600,000 cubic feet of natural gas equivalent per day, without stimulation. Permanent facilities are now being established to have all six of the Drake location wells on line before the end of March. Dejour owns between a 92% and 100% interest in all six wells and the adjacent lands. The Company plans greater exposure to hydrocarbon productivity in this area.

DISCLOSURE OF INTERNAL CONTROLS

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting for the Company. Internal controls over financial reporting have been established to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated and concluded that disclosure controls and procedures are effective to provide reasonable assurance that all material or potentially material information about the activities of the Company is made known to them by others within the Company. However, management does not expect that the Company's disclosure controls and procedures will prevent all errors or fraud.

Management believes that any system of internal controls over financial reporting, no matter how well designed or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

The Board of Directors, through its audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors who review accounting, auditing, internal controls and financial reporting matters.

WHISTLEBLOWER POLICY

Effective December 28, 2007, the Company's audit committee adopted resolutions that authorized the establishment of procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees and consultants who have concerns regarding questionable accounting or auditing matters. The implementation of the whistleblower policy is in accordance with the new requirements pursuant to Multilateral Instrument 52-110 Audit Committees, national Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

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.