Dejour Energy, Inc.
(NYSE: DEJ, Target Price: $0.53)

We initiate coverage on Dejour Energy, Inc. ("Dejour") with a price target of $0.53 per share. Dejour is an independent oil and natural gas exploration and production company operating in North America's Piceance Basin and Peace River Arch regions. Dejour implements a full cycle exploration and development program and also seeks to exploit the cyclical nature of energy exploration and production, looking for downturns to capitalize on acquisitions, and to monetize their assets at every possible stage of exploration.

INVESTMENT HIGHLIGHTS

Kokopelli field project

Dejour's flagship project is their 2,200 acre Kokopelli Field development in Colorado. As of September 30, 2013, Dejour had their initial four natural gas wells at Williams Fork completed and online. They exited the quarter at a production rate of 3.1 MMCF/d. Independent estimates projected net proved and probable undeveloped reserves at Kokopelli to be 320k BO, 13.4mn barrels of NGL and 124 BCF of natural gas. As of December, 31, 2012, Dejour estimated a NPV-10 net value of approximately $90mm for Williams Fork only. In addition, within their Kokopelli property, Dejour has access to the very attractive Niobrara shale field. Recent wells in the area completed by rival firms have shown very promising results, with initial production rates in the 7-16 MMCF/d range. Dejour is the only small player with assets in this play and makes for a very attractive partner.

Large investor shores up capital position

On December 16, 2013, Dejour announced that it had signed a Letter of Intent to create a strategic joint venture partnership with a private Singapore based energy company ('SECO') to develop the company's US assets. Upon completion of due diligence, legal documentation and requisite approvals expected prior to January 31, 2014, SECO will invest an initial sum of up to $27.5mn in 2014 and 2015 to earn an 85% share in Dejour's interests in its Colorado properties, primarily Kokopelli. The terms of the agreement include an immediate capital injection to Dejour of approximately $4.5mn, including cash and assumption of certain liability agreements on outstanding debt. We view this as a very positive development for Dejour, as it should enable them to begin executing phase 2 of their plan for Kokopelli, including more wells at Williams Fork and initial testing for a horizontal Niobrara well.

Experienced management team

Led by Co-Chairman & CEO Robert L. Hodgkinson and his senior executives, Dejour's management team has over 150 years combined experience in the venture capital and energy sectors. Dejour has put together an impressive technical team, and they pursue a strategy that combines traditional exploration with investments in premium energy assets. Mr. Hodgkinson was the founder and Chairman of Optima Petroleum, which drilled wells in Alberta and the Gulf of Mexico before merging to form Petroquest Energy (NYSE: PQ). Subsequently, he founded and was CEO of Australian Oil Fields, which would later merge to become Resolute Energy/Cardero Energy Inc.

Initiate coverage with a price target of $0.53

Our analysis indicates a fair value estimate of $0.53 per share (detailed on pages 7, 8 and 9), implying an upside of 378% from the recent price of $0.11. We view Dejour as a speculative investment in oil & gas market and feel the company has a very attractive asset in their Kokopelli property.

Stock Details (12/26/2013)

NYSE:	DEJ
Sector / Industry	Basic Materials / Independent Oil & Gas
Price target	**$0.53**
Recent share price	$0.11
Shares o/s (mn)	148.9
Market cap (in $mn)	$19.4
52-week high/low	$0.25 / 0.09

Source: Bloomberg, SeeThruEquity Research

Key Financials (C$mn unless specified)

	FY12	FY13E	FY14E
Revenues	5.8	7.7	13.0
EBITDA	(0.5)	1.6	5.4
EBIT	(3.3)	(6.0)	2.4
Net income	(11.9)	(7.2)	1.2
EPS ($)	(0.08)	(0.05)	0.01

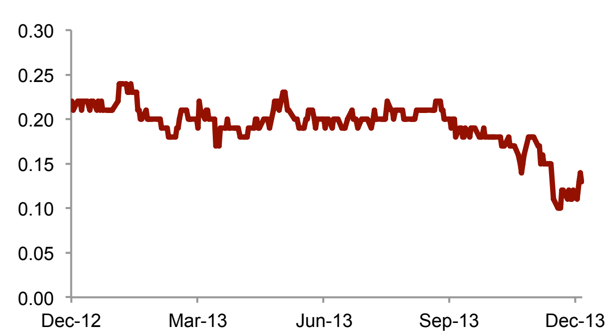
Source: SeeThruEquity Research

Key Ratios

	FY12	FY13E	FY14E
Gross margin (%)	100.0	100.0	100.0
Operating margin (%)	(56.4)	(78.3)	18.4
EBITDA margin (%)	(8.4)	20.5	41.4
Net margin (%)	(206.7)	(94.5)	9.1
P/Revenue (x)	3.4	2.5	1.5
EV/EBITDA (x)	(50.8)	15.7	4.6
EV/Revenue (x)	4.3	3.2	1.9

Source: SeeThruEquity Research

Share Price Performance ($, LTM)



Source: Bloomberg

SUMMARY TABLE

Figure 1. Summary Table (As of December 26, 2013)

Share data		B/S data (As of 3Q13)		Key personnel:	
Recent price:	$0.11	Total assets:	22.5mn	Co-Founder & CEO:	Robert L. Hodgkinson
Price target:	$0.53	Total debt:	5.8mn	Director & Co-Chair:	Stephen R. Mut, M.Sc.
52-week range:	0.25 / 0.09	Equity:	4.2mn	Director & COO:	Harrison Blacker, M.Sc.
Average volume:*	131,072	W/C:	(10.0mn)	CFO:	David Matheson
Market cap:	$16.4mn	ROE '12:	-116%		
Book value/share:	$0.03	ROA '12:	-43%		
Cash/share	$0.01	Current ratio:	0.1		
Dividend yield:	0.00%	Asset turnover:	0.3		
Risk profile:	High / Speculative	Debt/Cap:	0.6		

** three month average volume (number of shares)*

	Estimates			Valuation		
FY December	Rev (C$mn)	EBITDA C($mn)	EPS ($)	P/Rev (x)	EV/Rev (x)	P/E (x)
2011	7.2	(1.6)	(0.09)	2.7x	3.4x	NM
2012A	5.8	(0.5)	(0.08)	3.4x	4.3x	NM
1Q13A	1.7	0.1	(0.01)	2.9x	3.7x	NM
2Q13A	2.0	0.2	(0.01)	2.4x	3.0x	NM
3Q13A	2.0	0.9	(0.03)	2.5x	3.1x	NM
4Q13E	2.0	0.4	(0.00)	2.4x	3.1x	NM
2013E	7.7	1.6	(0.05)	2.5x	0.8x	NM
2014E	13.0	5.4	0.01	1.5x	1.9x	16.3x
2015E	19.6	11.6	0.04	1.0x	1.3x	3.2x

Source: SeeThruEquity Research

INVESTMENT THESIS

Dejour Energy, Inc. ("Dejour") was incorporated in Ontario, Canada, on March 29, 1968 under the name "Dejour Mines Limited". On October 30, 2001, the name of the company was changed to Dejour Enterprises Ltd. On March 9, 2011, the Company changed its name from Dejour Enterprises Ltd. to Dejour Energy Inc.

Dejour is an independent oil and natural gas exploration and production company with operating interests in over 80,000 net acres in NW Colorado's Piceance Basin and 7,000 net acres in NE BC's Peace River Arch region. Dejour implements a full cycle exploration and development program and also seeks to exploit the cyclical nature of energy exploration and production by taking advantage of their experienced management team's talent to identify premium assets at optimal timing to capitalize on acquisitions, and to monetize their assets at every possible stage of exploration.

Source: Company filings and investor materials, SeeThruEquity Research

Kokopelli field development project

Dejour's most significant oil and gas plays are located in the US Rocky Mountains, where their acreage position contains multiple projects in the Piceance, Uinta and Paradox Basins located in Eastern Utah and Western Colorado. Dejour's flagship project is their 2,200 acre Kokopelli Field development, specifically in the Williams Fork formation in the eastern portion of Piceance Basin of Colorado. Gustavson Associates, an independent petroleum engineering consultants based in Denver, Colorado were retained by Dejour to evaluate their US properties, and as of January 1, 2013, Gustavson estimated net proved and probable undeveloped reserves at Kokopelli to be 320k BO, 13.4mn barrels of NGL and 124 BCF of natural gas. As of December, 31, 2012, Dejour estimated a NPV-10 net value of approximately $90mm for Williams Fork only.

As of 3Q13, Dejour announced that it had completed the fracing of four new wells drilled at Williams Fork and that all the wells were online. Initial production rates came in at 4.5 million cubic feet per day (MMCF/d) and 70 barrels of oil per day (BO/d) of condensate and natural gas liquids (NGL) 900 MCF/d and 15 BO/d net, and the company exited 3Q13 with a production rate of 3.1 MMCF/d. Dejour estimates the recoverable reserves per well to be approximately 1 BCF and that there are an additional 220 well locations at Williams Fork. These wells are the initial four wells funded in a $6.5mn financing arrangement with a Denver-based drilling fund (Fund) reached in January 2013. The Fund will receive a priority payout from initial production until 125% of their capital contribution is received. Dejour will receive a usage fee of $0.20/MCF of gas production and a 25% reversionary interest once the Fund has received its payout. Dejour plans to drill an additional seven vertical wells at Williams Fork in 2014E, subject to available financing.

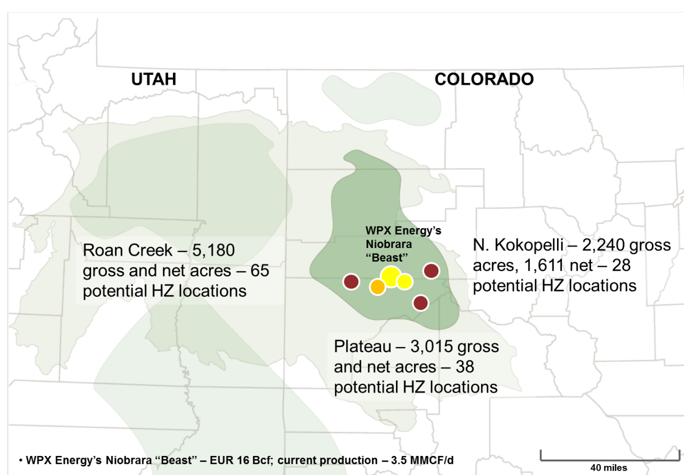
Kokopelli Williams Fork Economics

Due to the "liquids-rich" gas in the WF at the Eastern extremity of the Piceance Basin, the "netback" per MCF at current prices for natural gas (US$3.65/MCF) is approximately US$3.51, calculated as follows:

Kokopelli Wellhead Economics	US$/MCF
Gross natural gas sales price	3.65
Add:	
Propane sales value	0.68
Heavier NGL's sales value	1.10
Condensate sales value	0.64
	6.07
Less:	
6% shrinkage for converting to MMBTU's	0.22
Transportation and gathering fee	0.66
Royalties and production taxes	1.56
Operating costs	0.12
	2.56
Kokopelli "Netback"	**3.51**

Niobrara formation

Now that Dejour has wells online at Kokopelli, the company plans to turn its attention to the very exciting Niobrara shale potential located on their roughly 10.5k net acres of leaseholds at Kokopelli, Plateau and Roan Creek in Colorado. In January, 2013, WPX Energy, Inc. (NYSE: WPX) announced what it considered to be a "major discovery" in the Niobrara Shale in the Piceance Basin. WPX's Niobrara horizontal was drilled to a total vertical depth of 10,200 feet with a 4,600-foot horizontal lateral. Drilling operations commenced in August 2012, included 17 frac stages, and were completed in December 2012. The discovery well produced an initial high of 16 MMCF/d at a flowing pressure of 7,300 pounds per square inch. During the first 60 days of production, the well was producing at an average rate of 10.6MMCF/d. WPX estimates the well's estimated ultimate recovery (EUR) to be 7-10 BCF. WPX controls 180k net acres in the Piceance basin and they estimate 20-30 TCF on the property. As of September 2013, WPX has completed a second Niobrara well and reported an initial production rate of 11.8 MMCF/d.



The WPX wells are located between Dejour's Kokopelli and Roan Creek properties. Dejour estimates that over 125 horizontal Niobrara wells can be drilled on their 10,500 acres at Kokopelli, Plateau, and Roan Creek, with a projected reserve potential of 1+ TCF. WPX has estimated the cost of their initial wells to be in the $6-7mn range, far greater than the $1.85mn Dejour spent on their fourth well at Williams Fork, but the materially higher production and reserve rates make the wells attractive investments. Dejour hopes to complete one horizontal Niobrara well in 2014. Fully developed, Dejour predicts it could drill and complete in excess of 100 Niobrara horizontal wells on the acreage.

Further confirming the Niobrara value proposition, Encana Corporation (NYSE: ECA) has also drilled several successful wells in the area. Encana's first two tests, the Orchard Unit 20-12H and Satterfield Federal 10-3H, have been on production for over three years. The Orchard Unit 20-12H was drilled to a true vertical depth of 8,500 feet and completed with 18 frac stages with a 5,000 lateral. The well tested in 24 hours with 7.5 MMCF/d of 1,170-Btu gas at a flowing pressure of 3,100 psi. The Satterfield Federal 10-3H was drilled to a true vertical depth of 8,900 feet and completed with 20 frac stages in a 5,000 foot lateral. The well tested in 24 hours with 6.3 MMcf/d of 1,170-Btu gas at a flowing pressure of 2,250 psi.

There is significant interest in the Niobrara play. In addition to WPX and Encana, major natural gas producers in this area include, Exxon (NYSE: XOM), Occidental Petroleum (NYSE: OXY), Chevron (NYSE: CVX), Bill Barrett (NYSE: BBG), Berry Petroleum (NYSE: BRY) and Williams Co. (NYSE:WMB). It is worth noting that Williams purchased bordering acreage for $30,000+ per acre and plans to drill 150 wells adjacent to Dejour lands by 2015.

Strategic capital infusion

On December 16, 2013, Dejour announced that it had signed a Letter of Intent to create a strategic joint venture partnership with a private Singapore based energy company ('SECO') to develop the company's US assets. Upon completion of due diligence, legal documentation and requisite approvals expected prior to January 31, 2014, SECO will invest an initial sum of up to $27.5mn in 2014 and 2015 to earn an 85% share in Dejour's interests in its Colorado properties, primarily Kokopelli. The terms of the agreement include an immediate capital injection to Dejour of approximately $4.5mn, including cash and assumption of certain liability agreements on outstanding debt and the 100% development funding of an initial $10.5mn in capital expenditures in 2014 with a further $12mn in 2015, targeting Kokopelli. Additionally, SECO will assume 85% of the ongoing overhead of Dejour's US operations and joint project management during the initial period. SECO will also share responsibility to maintain the other Dejour US leaes. Dejour will remain the operator of record. This agreement provides significant financial flexibility to Dejour and the $4.5mn should resolve concerns raised by the NYSE in its November letter to Dejour. The $10.5mn funding in 2014E should also be enough for Dejour to continue expanding operations at Williams Fork and commence initial testing operations at the Niobrara formation.

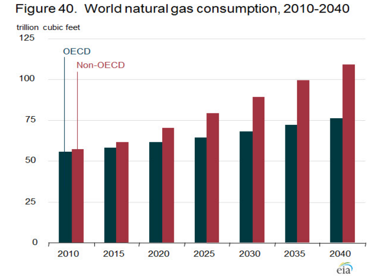
Woodrush

Dejour also holds a 75% working interest in 7500 net acres at their Peace River Arch projects, located in the NE British Columbia and NW Alberta. Dejour is currently operating nine wells at their Woodrush project at Peace River (3 light oil wells and 6 gas wells) with net reserves valued at $10mn as of YE2012. Dejour reported average production of 220 BO/d for 3Q13 and projects C$7.5mn in net revenue from Woodrush for 2013E. This is an asset which management can either look to monetize or further develop, as there are deeper oil reserves and adjacent gas reserves on the property. We view developments at Woodrush to be of significant less importance to the Dejour story than the Kokopelli Field and Niobrara formation projects.

Natural gas outlook

The US Energy Information Administration ("EIA") released their International Energy Outlook 2013 report on July 25, 2013. The EIA reported that natural gas is the world's fastest-growing fossil fuel, with consumption increasing from 113 CTF in 2010 to 185 TCF in 2040E. According to the report, "Natural gas continues to be favored as an environmentally attractive fuel compared with other hydrocarbon fuels. It is the fuel of choice for the electric power and industrial sectors in many of the world's regions, in part because of its lower carbon intensity compared with coal and oil, which makes it an attractive fuel source in countries where governments are implementing policies to reduce greenhouse gas emissions. In addition, it is an attractive alternative fuel for new power generation plants because of relatively low capital costs and the favorable heat rates for natural gas generation."

Figure 40. World natural gas consumption, 2010-2040



Experienced management team

Led by Co-Chairman & CEO Robert L. Hodgkinson and his senior executives, Dejour's management team has over 150 years combined experience in the venture capital and energy sectors. Dejour has put together an impressive technical team, and they pursue a strategy that combines traditional exploration with investments in premium energy assets. Dejour looks to hedge risk by focusing on early-stage acquisitions of high-value energy assets in regions with a proven history of resources during cyclical downturns. They then look to establish partnerships and co-ventures to limit exposure and enhance returns to investors. Mr. Hodgkinson was the founder and Chairman of Optima Petroleum, which drilled wells in Alberta and the Gulf of Mexico before merging to form Petroquest Energy (NYSE: PQ). Subsequently, he founded and was CEO of Australian Oil Fields, which would later merge to become Resolute Energy/Cardero Energy Inc.

Source: Company filings and investor materials, www.eia.gov, SeeThruEquity Research

COMPETITIVE LANDSCAPE

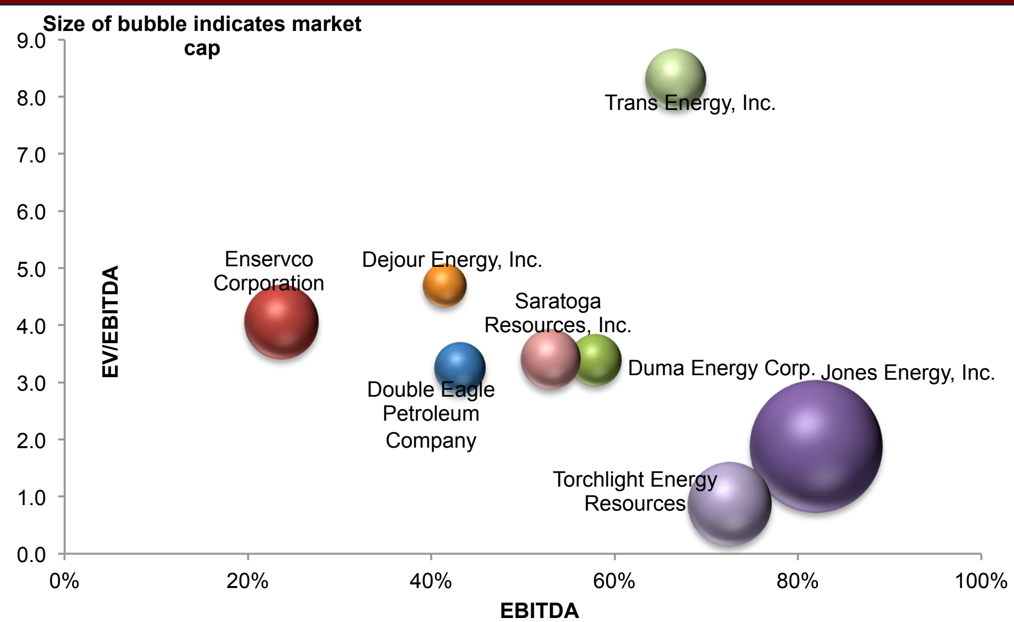
Dejour operates in the very competitive and tightly regulated oil & gas production market and hold interests in geographical areas where there is strong competition by other companies for reserve acquisitions, exploration leases, licenses and concessions and skilled industry personnel. Dejour's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators, many of whom have greater financial and personnel resources than Dejour.

Dejour has competed on the strength of their management team's ability to identify high potential assets and purchase those assets at cyclically low points. Dejour's ability to acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers is dependent upon developing and maintaining close working relationships with its current industry partners and joint operators, and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. As previously noted, WPX Energy, Encana, Exxon, Occidental Petroleum, Chevron, Bill Barrett, Berry Petroleum and Williams Co. are all producers in the Colorado region where Dejour has its most significant assets.

While drilling technologies have been known for decades, it has only been over the past few years that the combination of horizontal drilling and the process of hydraulic fracturing has provided companies with access to large volumes of shale gas that were previously uneconomical to produce. In a sense, the production of natural gas from shale formations has revived the natural gas industry in the US, and sparked a competitive run for available assets. The EIA 2013 energy outlook predicts that the US and Russia will each increase natural gas production by around 12 TCF between 2010 and 2040E, accounting for nearly one-third of the total increase in world gas production over that time period.

Compared to most of the peer group, Dejour is smaller in market capitalization and it has yet to demonstrate profitability. However, Dejour has posted positive EBITDA margins the first three quarters of 2013. We have modeled EBITDA margins of 40.2% for 2014E. Based off of our C$5.2mn EBITDA estimate for 2014E, Dejour is trading at 4.7x EV/EBITDA, near the top end of the peer group, but relatively in line.

Figure 2. EV/EBITDA vs. EBITDA (2014E) – Dejour Peers



Source: Company filings, www.eia.gov, SeeThruEquity Research

FINANCIALS AND FUTURE OUTLOOK

Revenue/Drivers

2013 has been a very positive year for Dejour, as their Williams Fork wells are online and exited 3Q13 with a production rate of 3.1 MMCF/d. Dejour has also guided to $7.5mn in net revenues from their Woodrush property. Revenues through the first nine months of 2013 were C$5.6mn, up 28.7% from C$4.4 in the same time period last year. However, those comparisons are accelerating as Williams Fork revenues have come online, and Dejour posted a 55% increase in YoY revenues for 3Q13. We obviously await further commentary from Dejour as to the specifics of the recently signed strategic partnership, but the capital infusion gives us confidence that more Williams Fork wells will come online in 2014E.

We have modeled in $7.7mn in 2013E revenues and we see Dejour's revenues growing at a CAGR of approximately 28.5%, to $36.7mn, from 2013-2019E. The initial four Williams Fork wells began production at roughly 4.5 MMCF/d, this compares with 16 MMCF/d and 11.8 MMCF/d for the WPX Niobrara wells and 7.5 MMCF/d and 6.3 MMCF/d for the Encana wells. We are optimistic that Dejour will begin testing for their initial Niobrara well in 2014E and be online by 2015E.

Margins/Expenses

Dejour has done a solid job of keeping costs under control while they have faced capital constraints. They have averaged C$895k and C$852k of operating & transportation and G&A costs respectively over their last seven quarters. Management is committed to cost containment, and we do not anticipate those figures rising dramatically in the near future. We have assumed 5% growth in o&t costs and 3% growth in G&A from 2014-2019E. Dejour showed excellent progress in bringing down the cost of their Williams Fork wells, as the fourth well came in at $1.85mn, which was down 25% from the drill cost of the first well. We are optimistic that they can repeat these results in 2014E as they look to drill new wells at Williams Fork.

Dejour reported a net loss of (C$11.9mn), or ($0.08) per share, in 2012 and a net loss of (C$6.4mn), or ($0.05) through the first ninth months of 2013. This includes a C$4.9mn impairment loss on their Woodrush property in 3Q13. The write-down reflects a reduction in management's estimate of recoverable oil reserves at Woodrush, as of September 30, 2013 following a sharp decline in oil production during the third quarter of 2013. We have modeled in a net loss of (C$7.2mn) in 2013E, or ($0.05) per share, with DEJ recording positive net income of C$1.2mn in 2014E.

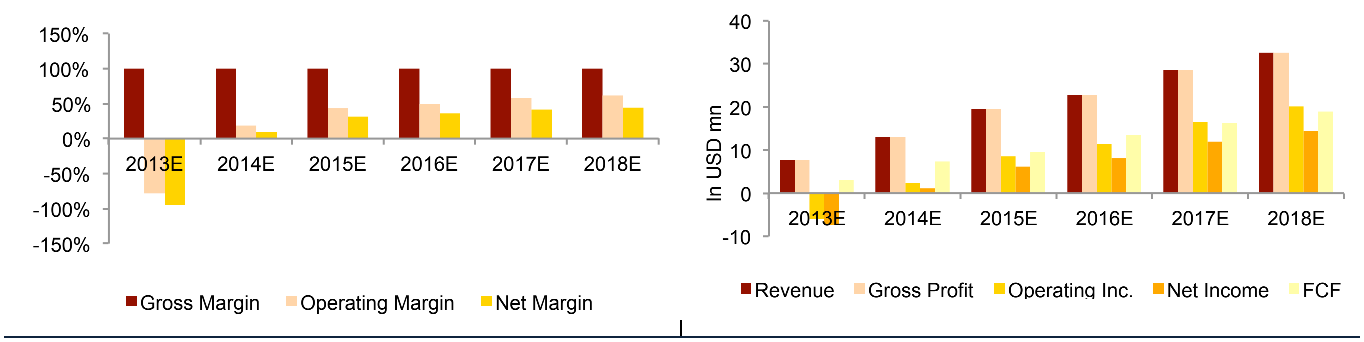
Balance Sheet & Financial Liquidity

As of 3Q13 Dejour had C$540k in cash, C$16.9mn in PP&E, C$3.6mn in exploration assets and C$1.1mn of accounts receivable included in the C$22.5mn in assets on their balance sheet. The capital infusion of $4.5mn should hit the balance sheet within the next few weeks.

Dejour had total liabilities of C$18.3mn as of 3Q13. These included C$2.9mn of accounts payable, C$3.0 in a bank credit facility and C$2.8mn in a loan facility. The loan facility bears interest at 14%, payable monthly, and matures on December 14, 2014.

Given the company's recent strategic partnership and investment by the Singapore-based company, we do not anticipate Dejour needing to raise additional capital in 2014E or 2015E. Dejour had reported shares outstanding of 148.9mn as of September 30, 2013, a number which has remained constant since 3Q12 as Dejour is looking to avoid dilution. As of September 30, 2013, Dejour had 21.3mn warrants and 11.1mn stock options outstanding.

Figure 3. Key Performance Indicators of DEJ, FY13E–18E



Source: Company filings, SeeThruEquity Research

VALUATION

We have valued Dejour using two different valuation methods; discounted cash flow ("DCF") and Peer Group Valuation. Our blended valuation, combining the two methodologies mentioned above, yields a fair value of $0.53 per share, representing an upside of 378% from the recent price of $0.11 as of December 26, 2013.

DCF

We expect very consistent revenue growth for Dejour over the next few years as they expand both elements of their flagship Kokopelli project. We project free cash flow to move from C$3.0mn in 2014E to $19.0mn in 2019E. We discounted cash flows at a weighted average cost of capital of 16.1% and assumed a terminal growth rate of 1.5% at the end of 2019E (consistent with natural gas demand) to arrive at an enterprise value of $93.1mn. Adjusting for the cash balance of $540k and debt of $5.8mn as of September 30, 2013, we arrived at a fair value of $0.67 per share.

Figure 4. Discounted Cash Flow Analysis

$' 000	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E
EBIT	2,403	8,498	11,313	16,554	20,143	23,711
Less: Tax	463	2,379	3,168	4,635	5,640	6,639
NOPLAT	1,940	6,119	8,146	11,919	14,503	17,072
Changes in working capital	0	0	0	0	0	0
Depreciation & Amortization	3,000	3,150	3,308	3,473	3,647	3,829
Capex	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
FCFF	**3,040**	**7,369**	**9,553**	**13,492**	**16,250**	**19,000**
Discount factor	0.86	0.74	0.64	0.55	0.48	0.41
PV of FCFE	2,620	5,483	6,138	7,485	7,784	7,859
Sum of PV of FCFE						37,369
Terminal cash flow						134,752
PV of terminal cash flow						55,737
Enterprise value						93,106
Less: Debt						5,830
Add: Cash						540
Equity value						**99,476**
Outstanding shares (mn)						148.9
Fair value per share ($)						**0.67**

Summary conclusions		**Key assumptions**	
DCF FV ($ per share)	0.67	Beta	1.8
Recent price ($ per share)	0.11	Cost of equity	18.5%
Upside (downside)	507.3%	Cost of debt (post tax)	8.4%
WACC	15.8%	Terminal Growth Rate	1.5%

Source: SeeThruEquity Research

Figure 5. Sensitivity of Valuation – WACC vs. Terminal Growth Rate

Terminal growth rate (%)	WACC (%) 9.9%	15.3%	15.8%	16.3%	16.8%
0.50%	1.12	0.67	0.64	0.62	0.59
1.00%	1.17	0.68	0.65	0.63	0.61
1.50%	1.22	0.70	**0.67**	0.64	0.62
2.00%	1.28	0.71	0.68	0.66	0.63
2.50%	1.35	0.73	0.70	0.67	0.64
3.00%	1.43	0.75	0.72	0.69	0.66

Source: SeeThruEquity Research

Peer Group Valuation

We compared Dejour with independent oil & gas producers Duma Energy Corp., Magellan Petroleum Corporation, Enservco Corporation and Torchlight Energy Resources, among others.

We arrived at a fair value range of $0.14 to $0.25 per share based on P/Revenue and EV/EBITDA multiples of selected peers. We considered a target multiple of 1.6x for the P/Revenue multiple and 2014E revenue of C$13mn to arrive at a fair value of $0.14. per share. Similarly, we used an EV/Revenue multiple of 3.2x our 2014E revenue forecast to arrive at a fair value of $0.25 per share. We felt that giving Dejour a 15% discount to the industry group was warranted considering that Dejour has been in a weak cash position and we await further details on their new agreement. However, Dejour is the only small player involved in the Niobrara shale play, and this could end up rewarding them with a premium to the peer group in time.

Figure 6. Comparable Valuation (Data as of 12/26/13)

Company	Mkt cap ($ mn)	EV/Revenue(x)		Price/Revenue(x)	
		FY13E	FY14E	FY13E	FY14E
Double Eagle Petroleum Company	27	4.8x	3.3x	0.6x	0.5x
Duma Energy Corp.	27	NM	3.4x	3.9x	1.4x
Enservco Corporation	57	5.9x	4.1x	1.4x	1.0x
Jones Energy, Inc.	183	2.8x	1.9x	0.7x	0.5x
Lucas Energy, Inc.	29	NM	NM	5.7x	3.6x
Magellan Petroleum Corporation	47	NM	NM	6.7x	4.2x
Saratoga Resources, Inc.	37	4.3x	3.4x	0.5x	0.4x
Trans Energy, Inc.	38	16.6x	8.3x	2.2x	1.8x
Torchlight Energy Resources	73	NM	0.9x	NM	1.4x
U.S. Energy Corp.	90	5.9x	5.2x	2.6x	2.6x
Average		**6.7x**	**3.8x**	**2.7x**	**1.7x**
Dejour Energy, Inc.	16	2.8x	1.7x	2.1x	1.3x
Premium (discount)		(57.8%)	(56.3%)	(21.1%)	(28.2%)

Source: Bloomberg, SeeThruEquity Research

RISK CONSIDERATIONS

Competitive environment

Dejour operates in the extremely competitive oil & gas industry. They face competition from numerous players with longer operating histories and far greater resources than Dejour possesses. Dejour has succeeded by opportunistically buying prime assets at key cyclical downturns. Their ability to do so in the future will have a material impact on the company maintaining growth as currently owned assets wind down production.

Operating risks

Dejour is subject to a number of risks which are also common to other organizations involved in the oil and gas industry. Such risks include finding and developing oil and gas reserves at economic costs, estimating amounts of recoverable reserves, production of oil and gas in commercial quantities, marketability of oil and gas produced, fluctuations in commodity prices, financial and liquidity risks and environmental and safety risks. Exploration and production for oil and gas is very capital intensive. As a result, the Company relies on equity markets as a source of new capital. In addition, Dejour utilizes bank financing to support on-going capital investment. Funds from operations also provide Dejour with capital required to grow its business. Equity and debt capital is subject to market conditions and availability may increase or decrease from time to time. Funds from operations also fluctuate with changing commodity prices.

Reliance on key managers

Dejour has a very seasoned management team with a history of building up and monetizing energy assets. If Dejour were to lose key members of this operating team, the company could face serious issues executing their business strategy going forward.

Share liquidity

Dejour currently trades on the NYSE but received a notice letter from the exchange in November. The recent strategic partnership should be sufficient to reply to the exchange, but we await further notice. DEJ stock has averaged approximately 604.8k shares traded a day over the past three months. At the recent price of $0.11, this comes out to roughly $66.5k in daily traded volume. Getting into or out of a position in Dejour may be difficult depending on the market environment.

Management Team

Robert L. Hodgkinson, Co-Chairman and Chief Executive Officer

Mr. Hodgkinson has been a Director of Dejour since May 18, 2004 and the Chairman & CEO since July 14, 2004. He is the President of a private company called Hodgkinson Equities Corporation, which he established in 1988. His company provides consulting services to emerging businesses primarily in the petroleum resource industry. These consulting services consist of assistance in the areas of investment and capital formation. Mr. Hodgkinson was the founder and Chairman of Optima Petroleum, which drilled wells in Alberta and the Gulf of Mexico before merging to form Petroquest Energy, a NYSE listed company (PQ). Subsequently, he founded and was CEO of Australian Oil Fields, which would later merge to become Resolute Energy/Cardero Energy Inc. Early in his career, Mr. Hodgkinson was a Vice-President and partner of Canaccord Capital Corporation, and in 2001 an early stage investor and original lease financier in Synenco Energy's Northern Lights Project in the Alberta oil sands.

Stephen R. Mut, M.Sc., Director and Co-Chairman

Mr. Mut most recently served as chief executive officer of a unit of Shell Exploration and Production Company. Prior to joining Shell in 2000, Mr. Mut dedicated much of his career to operational and new business venture activities in the oil and gas, refining and marketing, and chemical and mining sectors at ARCO (Atlantic Richfield Company), where he served in various internationally based executive roles in both upstream and downstream businesses. His global expertise has contributed to industry successes in Europe, South America, the Asia Pacific and the United States.

Harrison Blacker, M.Sc., Director and COO

Mr. Blacker is an accomplished senior executive with over 30 years of expertise managing oil and gas operations with major corporations in the United States, South America, China and the Middle East. Prior to joining Dejour, Mr. Blacker was CEO of China Oman Energy Company, a joint venture between Oman Oil Company, IPIC and China Gas Holdings, importing and distributing LNG and LPG from the Middle East into China. Mr. Blacker held positions as VP of Business Development and Senior Investor Advisor with Oman Oil Company and Portfolio Manager, Latin American Business Unit and General Manager/ President of Venezuela Energy with Atlantic Richfield Corporation (ARCO). Mr. Blacker began his career with Amoco Production Company working in offshore construction and field operations in the Gulf of Mexico. To each of his roles, and to his work at Dejour, Mr. Blacker brings a dynamic background of operations experience, and an instinct for identifying and developing unique and challenging oil and natural gas assets.

David Matheson, Chief Financial Officer

David Matheson possesses an extensive 30-year oil and gas executive background with an emphasis on both management and finance. He previously served as CFO and then as President of Equatorial Energy Ltd., a public Canadian oil and gas exploration & production company. Equatorial developed from a "start-up" to a TSX listed company with a market capitalization in excess of $400 million and was later sold to Resolute Energy of Calgary, Canada. Mr. Matheson graduated from the University of British Columbia and was admitted to the Institute of Chartered Accountants in British Columbia, the Northwest Territories, and Canada in 1975.

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FINANCIAL SUMMARY

Figure 7. Income Statement

Figures in $mn unless specified	FY11A	FY12A	FY13E	FY14E	FY15E	FY16E
Revenue	**7.2**	**5.8**	**7.7**	**13.0**	**19.6**	**22.8**
YoY growth		(19.9%)	32.9%	70.2%	50.0%	16.7%
Cost of sales	0.0	0.0	0.0	0.0	0.0	0.0
Gross Profit	**7.2**	**5.8**	**7.7**	**13.0**	**19.6**	**22.8**
Margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses	17.4	9.0	13.7	10.6	11.1	11.5
EBIT	(10.2)	(3.3)	(6.0)	2.4	8.5	11.3
Margin	(142.3%)	(56.4%)	(78.3%)	18.4%	43.4%	49.6%
EBITDA	**(1.6)**	**(0.5)**	**1.6**	**5.4**	**11.6**	**14.6**
Margin	(22.1%)	(8.4%)	20.5%	41.4%	59.6%	64.1%
Other income/ (expense)	(1.0)	(8.5)	(1.2)	(0.8)	0.0	0.0
Profit before tax	(11.2)	(11.7)	(7.2)	1.7	8.5	11.3
Tax	(0.2)	0.0	0.0	0.5	2.4	3.2
Net income	**(10.8)**	**(11.9)**	**(7.2)**	**1.2**	**6.1**	**8.1**
Margin	(149.4%)	(206.7%)	(94.5%)	9.1%	31.3%	35.7%
EPS (per share)	**(0.09)**	**(0.08)**	**(0.05)**	**0.01**	**0.04**	**0.05**

Source: SeeThruEquity Research

Figure 8. Balance Sheet

Figures in $mn, unless specified	FY11A	FY12A	FY13E	FY14E	FY15E	FY16E
Current assets	3.5	2.1	6.6	20.1	40.2	47.5
Intangibles	5.3	3.9	3.6	3.6	3.6	3.6
Other assets	20.7	21.5	16.6	15.5	14.7	12.8
Total assets	**29.4**	**27.6**	**26.7**	**39.2**	**58.5**	**63.8**
Current liabilities	11.7	10.7	11.7	11.7	11.7	8.6
Other liabilities	1.4	6.6	6.7	6.7	6.7	6.7
Shareholders' equity	16.3	10.2	8.4	20.8	40.2	48.5
Total liab and shareholder equity	**29.4**	**27.6**	**26.7**	**39.2**	**58.5**	**63.8**

Source: SeeThruEquity Research

Figure 9. Cash Flow Statement

Figures in $mn, unless specified	FY11A	FY12A	FY13E	FY14E	FY15E	FY16E
Cash from operating activities	0.3	(0.4)	0.9	4.9	10.0	12.2
Cash from investing activities	(3.8)	(7.4)	(1.8)	(1.9)	(1.9)	(1.9)
Cash from financing activities	5.5	5.6	4.7	10.5	12.0	(3.0)
Net inc/(dec) in cash	**2.0**	**(2.3)**	**3.9**	**13.5**	**20.1**	**7.3**
Cash at beginning of the year	2.7	4.8	2.5	5.5	19.0	39.2
Cash at the end of the year	**4.8**	**2.5**	**5.5**	**19.0**	**39.2**	**46.4**

Source: SeeThruEquity Research

About Dejour, Inc.

Dejour Energy Inc. is an independent oil and natural gas exploration and production company operating projects covering over 80,000 net acres in NW Colorado's Piceance Basin and 7,000 net acres in NE BC's Peace River Arch region. The Dejour team has consistently been among early identifiers of premium energy assets, repeatedly timing investments and transactions to realize their value to shareholders' best advantage. Dejour maintains offices in Denver, USA, Calgary and Vancouver, Canada. The company is publicly traded on the New York Stock Exchange MKT (NYSE MKT: DEJ) and Toronto Stock Exchange (DEJ.TO).

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