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This document does not constitute an offer to sell or issue or an invitation to acquire or apply for any security, nor shall there be any sale or transfer of any securities referred to in this document in any jurisdiction in contravention of applicable law.

If you have sold or otherwise transferred all of your Ordinary Shares, you should send this document together with the accompanying Form of Proxy to the purchaser or transferee or to the bank, stockbroker, or other agent through whom the sale or transfer was affected for delivery to the purchaser or transferee. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document has been prepared for the purposes of complying with English and Jersey law and the AIM Rules and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England and Jersey.

Application will not be made for the B Shares to be admitted to trading on any stock exchange.

This document should be read in conjunction with the accompanying Form of Proxy.

Westmount Energy Limited

Proposed Return of Capital of 45 pence per Ordinary Share (in aggregate up to approximately £3.4 million)

Notice of Extraordinary General Meeting

The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company set out in Part 1 of this document which contains the recommendation by the Directors to Shareholders to approve the Proposals by voting in favour of the resolutions to be proposed at the EGM referred to below.

The EGM at which the Proposals will be considered will be held at 11.00 a.m. on 28 January 2011 at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands. Notice of the EGM is set out in Part 5 of this document. **The Directors unanimously recommend that you vote in favour of the resolutions to be proposed at the EGM.** You should complete, sign and return your Form of Proxy to Capita Registrars (Jersey) Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands, as soon as possible but, in any event, so as to arrive not later than 11.00 a.m. on 26 January 2011.

Cenkos Securities plc, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company, in its capacity as nominated advisor and broker to the Company, and no one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos Securities plc or for providing advice in connection with the Proposals and any other matters described herein.

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Shareholders are advised to read this document carefully. If you require assistance in completing the Form of Proxy or require additional Forms of Proxy, please call Capita Registrars (Jersey) Limited, the Registrar, on 0871 664 0300 (calls cost 10p per minute plus network extras) or, if calling from outside the United Kingdom, 00 44 20 8639 3399 between the hours of 9.00 a.m. and 5.00 p.m. on any business day. The Registrar will not be able to give advice on the merits of the Proposals or to provide legal, financial or taxation advice and accordingly for such advice you should consult your stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Last time for receipt of Forms of Proxy for the EGM	11.00 a.m. on 26 January 2011
Voting Record Time for the EGM	5.00 p.m. on 26 January 2011
EGM	11.00 a.m. on 28 January 2011
Return Record Time	5.00 p.m. on 31 January 2011
Issue of B Shares	1 February 2011
Redemption Date	On 2 February 2011
CREST accounts credited and despatch of cheques in respect of B Shares redeemed	On 14 February 2011

All references to time in this document are to UK time unless otherwise stated. **The dates and times given in this document are based on the Company's current expectation and may be subject to change. If the dates and times given in this document do change, Shareholders will be notified by an announcement on the Regulatory News Service.**

SUMMARY OF THE PROPOSALS

This summary outlines how Westmount proposes to make the Return of Capital and seeks to answer some of the questions Shareholders may have in relation to the Proposals. **Shareholders should read the whole of this document and not rely solely on the summary information below, which should be regarded as an introduction only, in deciding upon a course of action.**

1. What is the Company doing and why?

As set out in the letter from the Chairman in Part 1 of this document, the Company intends under the Proposals to return 45 pence per Ordinary Share (up to approximately £3.4 million in aggregate) to Shareholders. The overall effect of the implementation of the Proposals is to allow the Company to return funds to Shareholders who are on the Westmount share register as at 5.00 p.m. on 31 January 2011, by enabling such Shareholders to realise a proportion of their investment in Westmount in the form of cash.

2. What will Shareholders receive?

Provided the Company receives the requisite approval from Shareholders at the EGM, for each Ordinary Share held at 5.00 p.m. on 31 January 2011 each Shareholder will be entitled to receive one B Share in Westmount. The B Shares will have the rights more particularly described in Part 5 of this document.

The Company will redeem the B Shares from Shareholders at a price of 45 pence per B Share. Redemption of all of the B Shares will be completed by the Company on 2 February 2011.

Shareholders should note that, although the B Shares will be transferable, they will not be admitted to trading on AIM; accordingly there will be no formal market for the B Shares. The ability to dispose of the B Shares, before they are redeemed on 2 February 2011, is therefore likely to be limited.

3. How will the Proposals affect a shareholding?

Shareholders will retain the same number of Ordinary Shares but their overall shareholding will be doubled for a short time (by the issue of one B Share for each Ordinary Share held) until the date of redemption, on 2 February 2011.

4. What is the tax position of Shareholders?

All Shareholders are strongly recommended to consult their independent advisers if they are in any doubt whatsoever as to their tax position.

Shareholders resident in the UK may suffer tax liabilities in respect of sale and redemption of their B Shares depending on their individual circumstances. A reference to the UK tax implications of the Proposals is set out in Part 3 of this document.

5. What needs to be done to vote at the EGM?

The Proposals are subject to Shareholder approval. Shareholders are encouraged to exercise their right to vote.

Shareholders can vote by completing and returning the enclosed Form of Proxy to Capita Registrars (Jersey) Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands by no later than 11.00 a.m. on 26 January 2011. **The Board unanimously recommends that Shareholders vote in favour of the Proposals.** Shareholders are accordingly strongly urged by the Directors to complete, sign and return the enclosed Form of Proxy as soon as possible and in accordance with the instructions printed on it. Alternatively, Shareholders can vote by attending the EGM, which will be held at 11.00 a.m. on 28 January 2011 at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands. Notice of the EGM is set out in Part 5 of this document. Further details are set out in the Chairman's letter in Part 1 of this document.

6. Do Shareholders need to vote?

Shareholders have the right to attend, speak and vote at the EGM. However, Shareholders who do not wish, or are unable, to attend the EGM may appoint someone to act on their behalf and to vote in the event of a poll. Shareholders are neither compelled to vote nor to appoint a proxy should they not wish to do so.

If approval is not given by Shareholders, the Proposals will not be implemented. All resolutions to be proposed at the EGM will be proposed as special resolutions and will therefore require the approval of not less than two - thirds of the votes cast at the EGM. None of the resolutions will be passed unless all of the resolutions are passed.

P A R T 1

Letter from the Chairman

Westmount Energy Limited

(Incorporated and registered in Jersey with registered number 53623)

Directors:

Mervyn Bradlow *(Non-Executive Chairman)*
Peter J Richardson *(Executive Director)*
Marc S D Yates *(Executive Director)*
Paul R Anderson *(Executive Director)*

Registered office:

26 New Street
St Helier
Jersey
JE2 3RA
23 December 2010

To Shareholders

Proposed return of 45 pence per Ordinary Share (in aggregate up to approximately £3.4 million) to Shareholders

Dear Shareholder,

Introduction

In my interim report on 10 March of this year, I outlined the changes that had taken place in our investments in Sterling and Desire. The final report and accounts for the year ending 30 June 2010 reflected these changes which resulted in a profit of £1,612,003 on the sale of part of our holdings in both companies. Following the year end, the Company sold 1,568,450 shares in Desire and purchased 444,450 shares realising net proceeds of £1,403,461.

In accordance with its policy of returning surplus cash to Shareholders, the Board feels that it should return the proceeds of the sale of these shares and other surplus cash to Shareholders by way of a return of capital.

This document sets out details of the Return of Capital and explains why the Directors of Westmount consider it to be in the best interests of Westmount and its Shareholders as a whole.

The Return of Capital requires the approval of Shareholders. This approval will be sought at an EGM which will be held at 11.00 a.m. at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands on 28 January 2011.

Background to and reasons for the Return of Capital

As referred to in my Chairman's Review to shareholders accompanying the Annual Report and Financial Statements for the year ended 30 June 2010, dated 4 October 2010, it remains the Board's intention to realise value from its investments and to return surplus cash to Shareholders. Since the Company was introduced to AIM in 1995 at a price of 15p per share, the Directors have concentrated their efforts in securing capital growth for shareholders and have so far returned to shareholders a total of 115 pence per share, which amount will increase to 160 pence per share following the EGM assuming that all of the resolutions are passed at the meeting.

It has always been the Directors' intention to return capital to Shareholders when major assets are realised upon sale for cash.

Following the disposal of some of its shareholdings in Sterling and Desire, the Company has cash funds available of over £3.3 million with no indebtedness which, together with the expected proceeds of £199,250 from the exercise of the relevant Share Options, which are more particularly described in Part 4 of this document, will provide sufficient cash for the Company to distribute pursuant to the Return

of Capital.

The Directors, therefore, are now in a position to recommend the Return of Capital.

Advantages of the Return of Capital

The Board is proposing to effect the Return of Capital by means of an issue of redeemable shares called B Shares. The Board believes that this method provides a number of benefits for Shareholders, including:

- all Shareholders are treated equally, pro rata to the size of their existing shareholdings in Westmount;
- the relative proportions of equity held by Shareholders will not change as a result of the issue of the B Shares;
- the Return of Capital can be implemented in an orderly and timely manner; and
- the B Shares will be redeemed and capital returned without incurring commission or dealing charges.

Summary of the Proposals

The Return of Capital is conditional upon the approval of Shareholders which will be sought at the EGM to be held on 28 January 2011, notice of which is given in Part 5 of this document. The terms and conditions of the Return of Capital are set out in Part 2 of this document.

Under the terms of the Proposals, Shareholders will receive one B Share for each Ordinary Share held at the Return Record Time. The B Shares, of 1 penny each, will be issued at a premium and will be credited as fully paid up by capitalising up to £75,303 of the Company's share premium account and transferring up to approximately £3.3 million of the Company's profit and loss account to the Company's share premium account, being an amount equal to the premium at which the B Shares are to be issued. The aggregate par value of the B Shares issued will be up to £75,303. The precise total nominal value of the B Shares issued will depend on the number of Ordinary Shares in issue at the Return Record Time which, subject to alteration, will be 5.00 p.m. on 31 January 2011. As more particularly described in Part 4 of this document, the Directors have exercised certain of their Share Options conditional on the passing of the resolutions to be proposed at the EGM and, in the event that such resolutions are duly passed, the number of Ordinary Shares in issue at the Record Record Time will be increased by the relevant Share Option Shares to 7,530,300. Each of the other Directors and I remain committed to continuing the strategy of realising value from the Company's investments for the benefit of Shareholders, and therefore have no present foreseeable intention of disposing of our relevant Share Option Shares.

On redemption of the B Shares, the figure of up to approximately £3.4 million capitalised will be utilised towards payment of the redemption moneys.

Shareholders are not being given an option of when to have their B Shares redeemed due to the anticipated costs of arranging multiple payments.

The B Shares will not be admitted to trading on AIM. Although transferable, as there will be no formal market for the B Shares, Shareholders' ability to sell the B Shares, prior to redemption on 2 February 2011, is likely to be limited.

Details of the rights and restrictions attaching to the B Shares are set out in Part 5 of this document.

Share certificates for B Shares will not be issued and B Shares may not be held in uncertificated form through the CREST system.

Taxation

Shareholders may suffer tax liabilities in respect of the sale or the redemption of their B Shares depending on their individual circumstances. Reference to the UK tax implications of the Proposals is set out in Part 3 of this document. All Shareholders are recommended to consult their independent

advisers if they are in any doubt whatsoever as to their tax position.

Current investments and prospects

Westmount continues to hold 1.5 million shares in Sterling and 2.55 million shares in Desire.

The Company also holds 1.2 million shares in Argos Resources Plc.

The Board continues to monitor the Company's investments to ensure they remain attractive to Shareholders but clearly, like all investment companies, is mindful of the need to make a profitable exit where possible at the appropriate opportunity.

EGM

Set out in Part 5 of this document is a notice convening the EGM to be held at 11.00 a.m. on 28 January 2011 at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands. Special resolutions will be proposed at the EGM to approve the Proposals. Further information relating to the EGM is set out in section 5 of Part 2 of this document.

Action to be taken

Form of Proxy

Enclosed with this document is a Form of Proxy for use in connection with the EGM. Shareholders are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it, so as to be received as soon as possible, and, in any event, no later than 11.00 a.m. on 26 January 2011, to Capita Registrars (Jersey) Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands. Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting at the EGM should they so wish.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the EGM as they intend to do in respect of their own holdings, amounting in aggregate to 349,988 Ordinary Shares, representing approximately 5.01 per cent. of the issued share capital of Westmount.

Yours sincerely

Mervyn Bradlow

Chairman

PART 2

The terms and conditions of the Return of Capital

1. The B Share Issue and the Return of Capital

The return of up to approximately £3.4 million will be affected through the issue and subsequent redemption of B Shares. The B Shares will be issued to holders of Ordinary Shares on the basis of one B Share for each Ordinary Share held as at the Return Record Time, which is expected to be at 5.00 p.m. on 31 January 2011.

The issue of the B Shares is conditional on the passing of the special resolutions relating to the Proposals at the EGM, notice of which is set out in Part 5 of this document.

The B Shares will be issued at a premium and will be credited as fully paid up by capitalising up to £75,303 of the Company's share premium account and transferring up to approximately £3.3 million of the Company's profit and loss account, being an amount equal to the premium at which the B Shares are to be issued, to the Company's share premium account. The exact number of B Shares to be issued will depend on the total number of Ordinary Shares in issue at the Return Record Time (including any new shares issued as a result of any exercise of the relevant Share Options). As at 22 December 2010, the latest practicable date prior to the publication of this document, there were 6,980,300 Ordinary Shares in issue. If all of the Share Options with an exercise price below 45 pence each are exercised, which is the intention of the Directors, and the relevant Share Option Shares are issued prior to the Return Record Time, there will be 7,530,300 Ordinary Shares in issue at that time.

The Company will redeem all of the B Shares on 2 February 2011 at 45 pence per B share. All B Shares redeemed will be cancelled.

Shareholders are advised to read Part 3 on Taxation.

Based on the closing middle market value of an Ordinary Share on 22 December 2010 (being the latest practicable date before the publication of this document) of 81.5 pence, the Return of Capital would equate, assuming that all the Share Options with an exercise price below 45 pence each are exercised, to approximately 55 per cent. of Westmount's market capitalisation as at that date.

2. Overseas Shareholders

The implications of the Proposals for Overseas Shareholders may be affected by the laws of relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself or herself as to the full observance of the laws of any relevant jurisdiction in connection with the Proposals, including compliance with any necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with English and Jersey law and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any jurisdiction outside the United Kingdom and Jersey.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Proposals in their particular circumstances.

4. CREST dealings and settlement

B Shares

The B Shares will be issued to holders of Ordinary Shares on the register at the Return Record Time, which is expected to be at 5.00 p.m. on 31 January 2011.

All Shareholders (whether they hold their Ordinary Shares in uncertificated or in certificated form at the Return Record Time) will receive their B Shares in certificated form.

No documents of title will be issued in respect of B Shares.

Shareholders whose B Shares are redeemed will have their redemption moneys dispatched to them by cheque or by credit to their CREST account on 14 February 2011.

No application has been, or will be, made for the B Shares to be admitted to trading on AIM.

General

All cheques will be sent by post, at the sole risk of holders entitled thereto, to the registered address of the relevant holders (or, in the case of joint holders, to the address of the joint holder whose name stands first in the register in respect of such joint holding).

5. The EGM and voting information

The Proposals require the approval of Shareholders at the EGM, notice of which is set out in Part 5 of this document.

The EGM is being convened for 11.00 a.m. on 28 January 2011 at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands.

At the EGM, special resolutions will be proposed to approve the Proposals. The special resolutions are set out in full in the Notice of EGM attached at Part 5 of this document and include the following matters:

- (i) the approval of the rights and restrictions applicable to the B Shares to be issued; and
- (ii) the B Share Issue, by capitalising up to £75,303 of the Company's share premium account and transferring up to approximately £3.3 million of the Company's profit and loss account to the Company's share premium account, and the allotment of B Shares.

Shareholders have the right to attend, speak and vote at the EGM (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf on a poll) if they are on the register at 5.00 p.m. on 26 January 2011. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend and/or vote at the meeting. If the meeting is adjourned, only those Shareholders on the register at 5.00 p.m. on the day which is two days before the date of the adjourned meeting are entitled to attend, speak and vote or to appoint a proxy.

A resolution is a special resolution when it has been passed by a majority of not less than two-thirds of members who (being entitled to do so) vote in person, or by proxy, at the EGM.

When voting on the resolutions to be proposed at the EGM, each Shareholder who is present in person will, on a show of hands, have one vote and, on a poll, each Shareholder who is present in person or by proxy shall have one vote for each Ordinary Share held.

The number of Ordinary Shares a Shareholder holds as at the above register deadline will determine how many votes a Shareholder or his/her proxy will have in the event of a poll. Shareholders not attending the meeting may appoint a proxy, which is someone who will attend the meeting on their behalf and vote in the event of a poll, by completing and returning the enclosed Form of Proxy. For Shareholders' convenience, the appointment of the Chairman of the meeting as proxy has already been included, although Shareholders may appoint someone else as their proxy. Shareholders should note that a proxy is not entitled to vote on a show of hands. A proxy need not be a Shareholder.

Shareholders wishing to appoint a proxy must return the Form of Proxy to Capita Registrars (Jersey) Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands, so as to be received by not later than 11.00 a.m. on 26 January 2011 by post or by hand (during normal business hours only). In the event of a poll on which a Shareholder votes in person, any proxy votes lodged with the Registrar by that Shareholder will be disregarded.

Shareholder or other participants outside the UK

Shareholders or other participants with addresses outside the UK should reply using the return addressed envelope provided to which postage should be added. In addition, further information

relevant to Overseas Shareholders is contained in section 3 of Part 2 of this document.

Joint Shareholders

All joint Shareholders may attend and speak at the meeting or appoint a proxy. However, if more than one joint Shareholder votes or appoints a proxy, the only vote or appointment which will be valid is the vote or appointment of the first joint Shareholder listed on the register of members.

PART 3

Taxation

The following paragraphs are intended as a general guide only and do not constitute tax advice. Shareholders should seek professional tax advice based on their own circumstances, in relation to the tax effects of the Proposals. These paragraphs may not be applicable to certain Shareholders, including persons not resident or domiciled in the UK for tax purposes, insurance companies, dealers in securities, Shareholders who acquired (or are deemed to have acquired) their Ordinary Shares by virtue of an office or employment and Shareholders who are not beneficial owners of their Ordinary Shares, such as trustees.

The information summarises advice received by the Directors with respect to current legislation and the current published practice of HM Revenue & Customs and is based on facts and circumstances known to the Company as at 22 December 2010, the latest practicable date before the publication of this document. **All Shareholders are strongly recommended to consult their independent advisers if they are in any doubt whatsoever as to their tax position.**

(a) General

The Company believes that under Jersey law the Proposals constitute a return of capital, by way of issue and redemption of bonus shares. However, under UK tax law it is uncertain whether the B Shares will be treated as a capital distribution within the scope of UK capital gains tax, or as an income distribution within the scope of UK income tax.

(b) Capital gains tax

Unless liable to UK income tax under one of the provisions outlined below, a Shareholder will be liable to UK capital gains tax at 18% (for basic rate income tax payers) or 28% (for higher or additional rate income tax payers) on his or her gain crystallised by the redemption of B Shares. (A corporate Shareholder liable to UK corporation tax will be liable on its gain at ordinary rates of that tax.) A proportion of his, her or its original cost of acquisition of Ordinary Shares will be deductible as acquisition expenditure. In the case of a Shareholder who is an individual, his or her annual exemption (£10,100) will be available, unless used against other chargeable capital gains of the tax year.

(c) Chapter 1 of Part 13 of Income Tax Act 2007

In certain circumstances, HM Revenue & Customs may seek to invoke these provisions (or in the case of a corporate Shareholder, the equivalent provisions in Part 15 of the Corporation Tax Act 2010) where they have reason to believe that a person obtains a tax advantage in consequence of a “transaction in securities”. Were HM Revenue & Customs to successfully invoke these provisions in relation to the receipt of the B Shares or to the proceeds of the Return, the general effect would be to tax such shares or proceeds (to the extent not otherwise treated as income rather than capital) as if they were dividend income.

No application for clearance pursuant to section 701 of the Income Tax Act 2007 or Section 748 of the Income and Corporation Tax Act 2010 has been, or will be, made in respect of the Proposals.

(d) Offshore funds

Shareholdings in a company which is not resident in the United Kingdom can be regarded as a “material interest” in an offshore fund if a reasonable investor, at the time of acquiring his investment, would expect to be able to realise it for an amount calculated by reference to the market value of the entity’s underlying assets. “Material” does not refer to the size of the shareholding.

In these circumstances, gains on disposals by investors who have a “material interest”, as

defined above, are treated for UK tax purposes as income, not capital gains.

However, this excludes ordinary minority holdings in companies, provided these are not valued on an assets basis. Quoted shares can amount to an interest in an offshore fund if they are habitually traded at net asset value (HM Revenue & Customs SP2/86).

(e) *Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)*

The Company does not expect UK stamp duty or SDRT to be payable by Shareholders in respect of the Proposals (unless the B Shares are issued to, or to a nominee or agent for, a depository receipt arrangement or a clearing system) or as a result of receiving cash by virtue of the redemption of B Shares.

PART 4

Additional Information

1. Memorandum and articles of association

Neither the memorandum nor articles of association of Westmount will be varied as a result of the implementation of the Proposals.

2. Share capital

- (a) As at 22 December 2010, the latest practicable date prior to publication of this document, the authorised and issued share capital of the Company was as follows (all of the issued share capital being issued fully paid):

	<i>Number</i>	<i>Authorised Par value per share</i>	<i>Nominal value</i>	<i>Number</i>	<i>Issued Nominal value</i>
Ordinary Shares	10,000,000	20 pence	£2,000,000	6,980,300	£1,396,060
redeemable "B" shares	15,100,000	1 penny	£151,000	0	0

If the condition to the exercise of all of the Share Options with an exercise price below 45 pence each, being the passing of the resolutions at the EGM, is fulfilled and the relevant Share Option Shares are issued prior to the Return Record Time, there are expected to be 7,530,300 Ordinary Shares in issue at that time.

- (b) The Ordinary Shares are currently admitted to trade on AIM. No application will be made for the B Shares to be listed or traded.

3. Share Options

The Share Options are currently held by the following Directors in the amounts set out against their names:

Name of Director	No. of Shares	Option Share Price
M Bradlow	100,000	26 pence per share
	150,000	62 pence per share
P J Richardson	150,000	38.5 pence per share
	50,000	62 pence per share
M S D Yates	150,000	38.5 pence per share
P R Anderson	150,000	38.5 pence per share
	50,000	62 pence per share
Total	800,000	

The Directors have exercised all of their Share Options with an exercise price below 45 pence each conditional on the passing of all of the resolutions proposed to be passed at the EGM.

If all of the relevant Share Option Shares are issued prior to the Return Record Time, it is expected that there will be 7,530,300 Ordinary Shares in issue at that time.

The Company will apply for admission of the resulting Share Option Shares and, if issued, these are expected to be admitted to trading on AIM at 9.00 a.m. on 31 January 2011.

4. Documents available for inspection

Copies of the following documents may be inspected at the offices of Ogier, Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), until the conclusion of the EGM:

- (a) the memorandum and articles of association of Westmount;
- (b) the published audited accounts of Westmount for the financial period ended 30 June 2010;
and
- (c) this document.

5. Financial effects of the Return of Capital

The financial effect to the Company will be to capitalise up to approximately £75,000 of the Company's share premium account in fully paying up the nominal value of the B Shares and to transfer up to approximately £3.3 million of the Company's profit and loss account, being an amount equal to the aggregate premium at which the B Shares are to be issued, to the Company's share premium account. The exact figures depend on the number of Share Options exercised as described above. The amounts required to pay redemption moneys will be debited to the nominal capital and share premium accounts of the Company accordingly.

23 December 2010

PART 5

Notice of Extraordinary General Meeting

Westmount Energy Limited

(the "Company")

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING ("EGM") of the Company will be held at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands at 11.00 a.m. on 28 January 2011 for the purpose of considering and, if thought fit, passing each of the following resolutions as special resolutions (the passing of each such special resolution being conditional upon the passing of all such special resolutions at the EGM):

- 1 THAT the redeemable B shares of 1 penny each in the capital of the Company issued pursuant to the special resolution numbered 2 below (the "**B Shares**") shall have the rights and shall be subject to the restrictions set out in the attached schedule, which rights and restrictions may be amended by special resolution from time to time;
- 2 THAT pursuant to article 116 of the Company's articles of association, the directors of the Company be and are hereby authorised to:
 - (a) capitalise, from the Company's share premium account, an amount equivalent to the par value of the B Shares to be issued and transfer, from the Company's profit and loss account to the Company's share premium account, an amount equivalent to the aggregate premium on the B Shares to be issued (each B Share to be issued at a premium of 44 pence per B Share) and to apply such amounts in paying up in full a maximum of 7,530,300 B Shares created pursuant to this special resolution; and
 - (b) allot and issue the same credited as fully paid up to the holders of consolidated ordinary shares of 20 pence each in the capital of the Company (the "**Ordinary Shares**") in the proportion of one B Share for each Ordinary Share held by them at 5.00 p.m. on 31 January 2011 (or such other time and date as the directors of the Company may determine),

and THAT any issue as to what constitutes a "holding" for the purposes of this special resolution shall be determined conclusively by the directors of the Company; and

- 3 THAT the directors of the Company be authorised to take such action as they consider necessary or expedient to deal with legal, other regulatory or practical problems arising in relation to any overseas jurisdiction or the requirements of any regulatory body and otherwise to further and give effect to the foregoing special resolutions.

Registered office:

26 New Street
St Helier
Jersey
JE2 3RA
Registered in Jersey
Company number 53623

By order of the Board
Bedell Secretaries Limited
Company Secretary

23 December 2010

Notes:

- (i) A member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and, on a poll, to vote in his or her stead. Such proxy need not be a member of the Company.
- (ii) A Form of Proxy is enclosed which, to be effective, must be completed and deposited (together with the power of attorney or other authority, if any, under which it is signed or a copy thereof certified notarially) with Capita Registrars (Jersey) Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands by 11.00 a.m. on 26 January 2011. Completion and return of the Form of Proxy does not preclude a shareholder from attending and voting in person at the EGM.
- (iii) The Company, pursuant to the Companies (Uncertificated Securities) (Jersey) Order 1999 and its articles of association, specifies that only those shareholders entered on the register of members of the Company as at 5.00 p.m. on 26 January 2011 shall be entitled to attend or vote at the aforesaid EGM in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 5.00 p.m. on 26 January 2011 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Westmount Energy Limited

(the “Company”)

Schedule of Rights and Restrictions applicable to B Shares

A “B Share” means any redeemable B share of one penny in the capital of the Company authorised and issued by the Company in accordance with the special resolutions passed on 28 January 2011.

Each such B Share shall have the following rights and shall be subject to the following restrictions until such B Share is redeemed and cancelled by the Company in accordance with paragraph 6 below, upon which event the rights and restrictions of such B Share shall revert to those set out in the special resolutions passed by the Company on 22 December 2005 save for the rights under paragraph 7 below, which shall remain in full force and effect following such redemption and cancellation.

1 Capital

On a return of capital on a winding-up, the B Shares will rank *pari passu* with the consolidated ordinary shares of 20 pence each in the Company in relation to the distribution of assets of the Company.

2 Attendance and voting at general meetings

The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting.

3 Repurchase

Subject to the provisions of the Companies (Jersey) Law 1991, as amended, (the “Law”), and every other relevant statute, statutory instrument, regulation or order in force concerning companies registered under the Law, but without the need to obtain the sanction of a resolution of the holders of the B Shares, the Company may at any time and at its sole discretion purchase B Shares:

- (a) by tender available alike to all holders of B Shares; or
- (b) by private treaty,

in each case at a price and upon such other terms and conditions as the directors of the Company may think fit.

4 Class rights

The Company may from time to time create, allot and issue further shares ranking *pari passu* with or in priority to the B Shares and:

- (a) any and every such creation, allotment or issue of shares (whether or not ranking *pari passu* with or in priority to the B Shares);
- (b) any and every giving, variation, revocation or renewal of any authority for the allotment of any shares (whether or not ranking *pari passu* with or in priority to the B Shares) pursuant to the Law;

- (c) the cancellation of the capital paid up on the B Shares on terms that upon such cancellation there is paid to the holder of each B Share so cancelled the sum of 45 pence; and
- (d) any and every purchase or redemption of any shares or any reduction of share capital or of share premium account or capital redemption or merger reserve by the Company (other than any redemption, or repurchase of, or reduction of capital on the B Shares otherwise than in accordance with the rights attaching thereto),

shall for all purposes be and be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of any rights attaching to the B Shares for any purpose.

5 Form and transferability

The B Shares shall not be renounceable and shall be freely transferable by an instrument of transfer in any usual form or in any other form which the board of directors of the Company may approve.

6 Redemption of B Shares

Subject to the provisions of the Law, all of the B Shares will be redeemed by the Company on 2 February 2011 for 45 pence per B Share. No share certificates will be issued for the B Shares to be so redeemed and payment will be despatched by the Company to Shareholders for their respective number of B Shares on 14 February 2011. All B Shares so redeemed will be cancelled.

7 Unclaimed redemption moneys

Shareholders whose B Shares are redeemed on 2 February 2011 will have their redemption moneys dispatched to them by cheque or by credit to their CREST account on 14 February 2011.

All cheques sent to shareholders in respect of redemption moneys shall be sent by post to the last known address of such shareholder recorded in the register of members or to the person recognised by the directors of the Company as entitled to the relevant B Share or, if two or more persons are recognised by the directors of the Company as jointly entitled to a B Share, to the registered address of the first shareholder named in the register of members of the Company or to such person or persons entitled and to such address as the directors of the Company shall in their absolute discretion determine. Every cheque shall be made payable to the order of the person or persons entitled or as the directors of the Company shall in their absolute discretion determine to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any joint shareholder or other person jointly entitled to a B Share as aforesaid may give receipts for any moneys payable in respect of such B Share.

If a cheque is not tendered within 6 months from the date thereon, the directors of the Company may retain the services of one or more agents to locate shareholders or those persons recognised by the directors of the Company as entitled to redemption moneys (as the case may be) whose cheques have not been tendered and may deduct all sums of money incurred in locating and affecting payment to such individuals from the total redemption moneys that were due to those individuals on the date of redemption. Redemption moneys due to each such shareholder or person recognised by the directors of the Company as entitled to redemption moneys (as the case may be) shall be reduced rateably according to the amount the individual was entitled to on the date of redemption and any amounts incurred in locating all shareholders or persons recognised by the directors of the Company as being entitled to redemption moneys (as the case may be) who did not tender their cheques within 6 months from the date thereon until such individual is located and tenders a cheque or accepts payment by any other method acceptable

to the directors of the Company for such adjusted amount. In calculating the adjusted amount due to each such individual, the decision of the directors of the Company shall, in the absence of manifest error, be final and binding.

Individuals entitled to redemption moneys who have not been located or to whom payment has not been affected shall have no right to claim or to receive redemption moneys once the funds representing redemption moneys for which cheques were not tendered within 6 months from the date thereon have been exhausted by the Company in attempting to locate or affect payment to such individuals.

The Company shall not pay and shareholders shall not be entitled to any interest on moneys payable by the Company in respect of a B Share.

Any amount due and unclaimed for a period of 3 years from the date when it became due for payment shall, if the directors of the Company so resolve, be forfeited and cease to remain owed by the Company.

DEFINITIONS

The following words and expressions bear the following meanings in this document unless the context requires otherwise:

“AIM”	a market operated by the London Stock Exchange;
“Aim Rules”	means the AIM rules for companies dated February 2010 published by the London Stock Exchange;
“Board” or “Directors”	the Directors of the Company;
“B Share Issue”	the proposed issue of B Shares to Shareholders on the register of members at the Return Record Time, as more fully described in this document;
“B Shares”	the redeemable B Shares with a par value of 1 penny each issued pursuant to the special resolutions set out in Part 5 of this document, carrying the rights and restrictions summarised in Part 5 of this document;
“business day”	a day (excluding Saturdays, Sundays and public holidays in England and Wales and Jersey) on which banks generally are open for the transaction of normal banking business;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited;
“Desire”	Desire Petroleum Plc;
“EGM”	the extraordinary general meeting of the Company, notice of which is set out in Part 5 of this document, and any adjournment of that meeting;
“Form of Proxy”	the form of proxy for use at the EGM to be sent with this document to Shareholders;
“Jersey”	means the island of Jersey, British Channel Islands;
“London Stock Exchange”	the London Stock Exchange plc or any recognised investment exchange for the purposes of the Financial Services and Markets Act 2000 which may take over the function of the London Stock Exchange plc;
“Ordinary Shares”	the consolidated ordinary shares of 20 pence each in the capital of Westmount;
“Overseas Shareholders”	Shareholders resident in, or citizens of, jurisdictions outside the UK or Jersey;
“Proposals”	the Return of Capital to be achieved by the issue and

subsequent redemption of the B Shares and any supplementary or ancillary steps thereto as described in this document;

“Registrar”	Capita Registrars (Jersey) Limited;
“Regulatory News Service”	The London Stock Exchange’s service for the dissemination of information;
“Return Record Time”	5.00 p.m. on 31 January 2011 (or such other time and date as the Directors may determine);
“Return” or “Return of Capital”	the proposed return of 45 pence per Ordinary Share (up to approximately £3.4 million in aggregate) to Shareholders as more fully described in Part 2 of this document;
“Share Options”	the options over Ordinary Shares granted to the Directors as set out in Part 4 of this circular;
“Share Option Shares”	Ordinary Shares which are issued pursuant to the Share Options;
“Shareholders”	holders of Ordinary Shares and, where the context so requires, holders of B Shares;
“Sterling”	Sterling Energy Plc;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	when used in relation to shares, recorded on the relevant register “in uncertificated form” as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Order, may be transferred by means of CREST;
“Uncertificated Securities Order”	the Companies (Uncertificated Securities) (Jersey) Order 1999;
“Voting Record Time”	in relation to the EGM, 5.00 p.m. on 26 January 2011 or if the meeting is adjourned, 5.00 p.m. on the day which is two days before the date of the adjourned meeting; and
“Westmount” or the “Company”	Westmount Energy Limited, incorporated and registered in Jersey under the Companies Law (Jersey) Law 1991 with registered number 53623.

