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**Westmount Energy Limited** - WTE Half Yearly Report  
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Westmount Energy Limited  
31 March 2015

### **Westmount Energy Limited** ("Westmount" or the "Company") Interim Results

The Company is pleased to announce its Interim Results for the period ended 31 December 2014. A copy of the results is available on the Company's website, [www.westmountenergy.com](http://www.westmountenergy.com), and will be posted to shareholders.

#### **CHAIRMAN'S REVIEW**

When I last reported to you, I referred to the ongoing review of various corporate and transaction opportunities. The uncertainty generated by the rapid fall in the oil price resulted in a number of proposals and discussions regarding possible transactions to be being terminated or put on hold. In light of the new oil price environment, I have renewed efforts to assess opportunities to create value for shareholders. As previously stated, should a value enhancing proposal materialise, Westmount shareholders should be afforded the opportunity to participate.

The past six months has seen an acute adjustment in the oil price. The price move was prompted by OPEC's decision last November to leave production quotas unchanged and OPEC's desire to maintain market share. At the time there was an excess supply of approximately 2 million barrels per day in world oil production; however the 60% price fall in light of an effective 2% excess daily supply may be overdone in the longer term. There have been a number of unintended consequences as a result of the rapid pace of the oil price fall, with many smaller OPEC members hurting financially. So the next OPEC meeting together with geo-political events should be closely watched and could further impact on the commodity price.

As oil & gas exploration & production companies adjust to the new price environment, their share prices have reacted negatively to the lower oil price outlook as well as each company's particular challenges. These challenges include, asset valuation write downs, reduced cash flow, unprofitable production, unsustainable debt levels, lack of exploration capital and tougher farm out market. Some companies face a combination of all of the above and may fail.

For others with capital and proven management teams there should be opportunities.

While Westmount's portfolio has suffered from exposure to falling share prices of some holdings in the portfolio, fortunately, Westmount's largest investment holding, Falklands Oil & Gas Limited, has the following positive attributes:

- Exposure to up to 5 exploration wells in both the North and South Falklands Island basins, most of which are

carried by third parties,

- Targeting 1.4 billion barrels of gross prospective resources,
- Cash of c.US\$100m at 31 December 2014, and no debt,
- Interest of at least 40% in each licence ensures their shareholders will have substantial equity exposure to these resources in the case of success.

On March 6<sup>th</sup> Falkland Oil and Gas Limited made an announcement on the commencement of their 2015 drilling programme, which is available for you to view:

<http://www.fogl.com/fogl/en/Media/pressreleases?id=168>.

The Falkland Oil & Gas Limited share price has recovered recently reflecting the above fundamentals. I remain hopeful that our investment exposure to the Falklands could recover shareholder value over the current drilling campaign.

As mentioned above, other holdings in the portfolio have underperformed relative to FOGL. During the period under review the board agreed to dispose of 200,000 shares in Sterling Energy PLC to raise £50,582 for general and corporate overheads. Westmount still retains 300,000 shares in Sterling Energy PLC.

Finally, Mr Peter Richardson, a long serving director, recently resigned from the board. I wish to thank him for his support and contribution to Westmount and wish him well for the future.

Gerard Walsh  
Chairman

31 March 2015

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#### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2014

	Six months ended 31 Dec 2014 (unaudited) £	Six months ended 31-Dec-13 (unaudited) £	Year ended 30-Jun-14 (audited) £
<b>Income statement</b>			
Net (loss) / gain on financial assets held at fair value through profit or loss	(30,685)	88,305	(63,287)
Administration expenses	(59,659)	(69,873)	(142,319)
<b>Operating loss</b>	<b>(90,344)</b>	<b>18,432</b>	<b>(205,606)</b>

<b>Loss before tax</b>	(90,344)	18,432	(205,606)
<b>Tax</b>	-	-	-
<b>Comprehensive loss for the period</b>	<u>(90,344)</u>	<u>18,432</u>	<u>(205,606)</u>
Basic (loss) / gain per share (pence)	(0.92)	0.19	(2.10)
Diluted gain / (loss) per share	(0.92)	0.19	(2.10)

All results are derived from continuing operations.

The Company had no items of other comprehensive income during the period.

#### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	31 Dec 2014 (unaudited) £	31-Dec-13 (unaudited) £	30-Jun-14 (audited) £
<b>ASSETS</b>			
<b>Non current assets</b>			
Financial assets at fair value through profit or loss	601,621	834,480	682,888
<b>Current assets</b>			
Other receivables	1,522	4,962	7,607
Cash and cash equivalents	69,326	154,843	76,866
	<u>70,848</u>	<u>159,805</u>	<u>84,473</u>
<b>Total assets</b>	<u><u>672,469</u></u>	<u><u>994,285</u></u>	<u><u>767,361</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	53,283	85,392	57,831
<b>EQUITY</b>			
Share Capital	1,966,060	1,966,060	1,966,060
Share Premium Account	516,777	492,103	516,778
Share Option Account	293,427	293,427	293,427
Retained earnings	(2,157,078)	(1,842,697)	(2,066,735)
<b>Total equity</b>	<u>619,186</u>	<u>908,893</u>	<u>709,530</u>
<b>Total liabilities and equity</b>	<u><u>672,469</u></u>	<u><u>994,285</u></u>	<u><u>767,361</u></u>

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
FOR THE PERIOD ENDED 31 DECEMBER 2014

	Share capital Account £	Share premium Account £	Share option Account £	Retained Earnings £	Total equity £
<b>As at 1 July 2013</b>	1,966,060	492,103	293,427	(1,861,129)	890,461
<b>Total comprehensive income</b>					
Loss for the year ended 30 June 2014	-	-	-	(205,606)	(205,606)
<b>Transaction with owners</b>					
Expired redemption - B shares not taken up	-	24,675	-	-	24,675
Issue of ordinary shares	-	-	-	-	-
Premium on shares issued	-	-	-	-	-
Cost of share options	-	-	-	-	-
	-	24,675	-	-	24,675
<b>As at 30 June 2014</b>	1,966,060	516,778	293,427	(2,066,735)	709,530
<b>Total comprehensive income</b>					
Profit for the period ended 31 Dec 2014	-	-	-	(90,344)	(90,344)
<b>As at 31 December 2014</b>	1,966,060	516,778	293,427	(2,157,079)	619,186
	Account £	Account £	Account £	Earnings £	Total equity £
<b>As at 1 July 2012</b>	1,946,060	480,295	305,235	(1,106,038)	1,625,552
<b>Total comprehensive income</b>					
<b>Loss for the year ended 30 June 2013</b>	-	-	-	(755,091)	(755,091)
<b>Transaction with owners</b>					
<b>Issue of ordinary shares</b>	20,000	-	-	-	20,000
Premium on shares issued	-	11,808	-	-	11,808
Costs of share options	-	-	(11,808)	-	(11,808)
	20,000	11,808	(11,808)	-	20,000
<b>At 30 June 2013</b>	1,966,060	492,103	293,427	(1,861,129)	890,461

**CONDENSED STATEMENT OF CASH FLOWS**  
FOR THE PERIOD ENDED 31 DECEMBER 2014

	Six months ended 31 Dec 2014 (unaudited) £	Six months ended 31-Dec-13 (unaudited) £	Year ended 30-Jun-14 (audited) £
<b>Net Cash (outflows) from operating activities</b>	<u>(58,123)</u>	<u>(71,722)</u>	<u>(174,374)</u>
<b>Cash flows from investing activities</b>			
Sale of investments	50,582	-	-
<b>Net cash generated from investing activities</b>	<u>50,582</u>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Expired redemption - B Shares not taken up	-	-	24,675
<b>Net cash used in financing activities</b>	<u>-</u>	<u>-</u>	<u>24,675</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(7,541)</u>	<u>(71,722)</u>	<u>(149,699)</u>
Cash and cash equivalents at the beginning of the period	<u>76,866</u>	<u>226,565</u>	<u>226,565</u>
Cash and cash equivalents at the end of the period	<u><u>69,325</u></u>	<u><u>154,843</u></u>	<u><u>76,866</u></u>

**Reconciliation of net cash flow from operating activities**

	Six months ended 31 Dec 2014 (unaudited) £	Six months ended 31-Dec-13 (audited) £	Year ended 30-Jun-14 (audited) £
Total comprehensive (loss) / income for the period	(90,344)	18,432	(205,606)
Adjustment for unrealised (gain) /loss on investments at fair value through profit or loss	(263,960)	(88,305)	63,287
Adjustments for realised gains on investments at fair value through profit or loss	294,644	-	-
Decrease in prepayments and accrued income	6,086	2,680	35
Decrease in creditors and accrued expenses	(4,548)	(4,529)	(32,090)
<b>Net cash out flow from operating activities</b>	<u><u>(58,122)</u></u>	<u><u>(71,722)</u></u>	<u><u>(174,374)</u></u>

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2014**

**1. Accounting Policies**

**Basis of accounting**

The interim financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the period to 31 December 2014. The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The same accounting policies and methods of computation are followed in the interim financial statements as in the annual financial statements for the period ended 31 December 2014.

**2. Investments**

	Six months ended 31-Dec-14 (unaudited) £	Six months ended 31-Dec-13 (unaudited) £	Year ended 30-Jun-14 (audited) £
Sterling Energy PLC, at market value	58,620	216,250	148,150
Cost, 300,000 shares (31 December 2013: 500,000, 30 June 2014: 500,000 shares)	517,838	863,064	863,064
Argos Resources Limited, at market value	145,000	145,000	135,000
Cost, 1,000,000 shares (31 December 2013: 1,000,000, 30 June 2014: 1,000,000 shares)	310,775	310,775	310,775
Falkland Oil and Gas Limited ("Falkland"), at market value	296,553	374,380	361,650
Cost, 1,446,600 shares (31 December 2013: 400,000 shares, 30 June 2014: 1,446,000 shares)*	966,029	966,029	966,029
Pancontinental Oil & Gas NL ("Pancontinental"), at market value	101,448	98,850	38,088
Cost, 3,000,000 shares (31 December 2013: 3,000,000 shares, 30 June 2014: 3,000,000 shares)	393,246	393,246	393,246
Total market value	<u>601,621</u>	<u>834,480</u>	<u>682,888</u>
Total cost	<u>2,187,888</u>	<u>2,533,114</u>	<u>2,533,114</u>
Current period movement	(1,586,267)	(1,698,634)	(1,850,226)
Reverse prior year FV adjustment	1,850,226	1,786,939	1,523,283
	<u>263,959</u>	<u>88,305</u>	<u>(326,943)</u>

Realised (loss)/gain	(294,644)	-	263,656
Unrealised gain/(loss)	263,959	88,305	(326,943)
Current period income statement impact	<u>(30,685)</u>	<u>88,305</u>	<u>(63,287)</u>

On 9 December 2013 Desire was acquired by Falkland and 2,000,000 ordinary shares in Desire were converted into 1,246,600 ordinary shares in Falkland.

\*Includes 1,246,600 ordinary shares received following Falklands acquisition of Desire Petroleum PLC.

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