

Westmount Energy Limited

**Annual Report and Audited Financial Statements
For the year ended 30 June 2017**

CONTENTS

	<i>Page</i>
Company Information	2
Chairman’s Review	3 – 4
Directors’ Report	5 – 6
Independent Auditor’s Report	7 – 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 – 24
Notice of Annual General Meeting	25

COMPANY INFORMATION

Chairman	Gerard Walsh
Directors	D R King T P O'Gorman M Bradlow (<i>resigned 10 April 2017</i>) D Corcoran (<i>appointed 10 April 2017</i>)
Secretary and Registered Office	Stonehage Fleming Corporate Services Limited No 2 The Forum Grenville Street St Helier Jersey JE1 4HH Channel Islands
Nominated Adviser and Nominated Broker	Cenkos Securities Plc 6-8 Tokenhouse Yard London EC2R 7AS
Legal Advisers	Carey Olsen 47 Esplanade, St Helier Jersey JE1 0BD Channel Islands Watson Farley Williams LLP 15 Appold Street London EC2A 2HB
Auditor	Moore Stephens First Island House Peter Street, St Helier Jersey JE2 4SP Channel Islands
Bankers	The Royal Bank of Scotland International Limited 71 Bath Street, St Helier Jersey JE4 8PJ Channel Islands
Registrar	Link Market Services (Jersey) Limited (formerly Capita Registrars (Jersey) Limited) 12 Castle Street St Helier Jersey JE2 3RT Channel Islands

CHAIRMAN'S REVIEW

2017 Highlights

- **Two Private Placings and an Open Offer raises over £914,000**
- **Appointment of Dermot Corcoran to the Westmount board**
- **New Focus on Guyana-Suriname Basin**
- **Strategic Investment in Eco (Atlantic) Oil & Gas Limited to gain exposure to offshore Guyana**
- **Evaluation of Exploration & Production opportunities with potential for a substantial transaction continue**

Dear Shareholder,

The year under review has been a better year for the energy sector with an improvement in the oil price and investor sentiment. This has produced a more stable environment for the industry to reposition and refinance for the 'lower for longer' oil price environment. There has been a pick up in merger & acquisition activity in the sector and I believe that equity finance is now more readily available.

As reported in the interim statement, Westmount is availing of the improved environment and repositioning your Company as a niche exploration and production investor in the conventional oil and gas sector. As a first step, we identified the Guyana Suriname basin as an area of interest and in line with our strategy, on February 8, 2017, we announced a £500,000 strategic investment in Eco (Atlantic) Oil & Gas Ltd ("EOG") at a price of 16 pence per ordinary share as part of the EOG initial public offering on the London Stock Exchange Alternative Investment Market.

Earlier this summer, EOG carried out a 3D seismic programme on the Orinduik permit offshore in Guyana with its partner and block operator Tullow Oil. Following the completion of the 3D Seismic programme EOG has recently concluded a farm out option agreement with Total in respect of the 25 per cent. of the Orinduik block for US\$12.5 million (£9.5 million). On November 13, 2017, EOG announced that it was raising approximately CAD \$14 million (£8.46 million) by way of a subscription with Africa Oil Corporation (AOC). The price of the Subscription Shares of 48 cents (Approx 29p) represents a premium of approximately 28 per cent. per cent to the closing mid market price of 0.375c (TSX V) / 22.25p (AIM) on November 10, 2017. AOC will hold an interest in EOG of approximately 19.77 per cent. per cent, on admission.

I am pleased to report that the AOC subscription price is at an 81 per cent. premium to EOG's February 2017 listing price.

Following the EOG investment in April, the Company raised additional equity finance through a Placing and an oversubscribed Open Offer which raised £764,258 before expenses at 5 pence per share, with an attached half warrant (on a 2 for 1 basis) priced at 7.5 pence per share that can be exercised up to a year following grant. As a result of the oversubscription of the Open Offer, the Company was able to place a further £150,000 with existing and supportive shareholders, bringing the total gross proceeds raised to £914,258 before expenses.

Your Directors participated fully in the Open Offer. Coinciding with the financing, Mr Dermot Corcoran joined the Board as a Director, replacing Mr Mervyn Bradlow who retired after many years as a director, shareholder and former chairman. The Board would like to thank Mr Bradlow for his loyal service to the Company and wish him well in his retirement. Mr Dermot Corcoran was already a significant shareholder in the Company, following the December 2015 private placement with himself and Mr John Craven.

CHAIRMAN'S REVIEW (*continued*)

The Financial Statements for FY17 show a reduced loss compared with the prior year of £200,500 (FY16: £373,522). The reduced loss is primarily due to a significantly reduced net loss on the fair value of the Company's financial assets. In addition, a change of accounting treatment was applied to the costs associated with the Placings and Open Offer referred to above and these expenses have been deducted from the stated capital raised rather than being attributed to the Income Statement, as explained in note 10 to the Financial Statements. As a result of this change, adjustments have also been made to the prior year results to ensure consistency of reporting. The corporate overhead has been reduced as much as possible in recent years and myself and fellow board members Tom O'Gorman and Dermot Corcoran, who have all invested significantly in the December 2015 and April 2017 fundraisings, continue to provide our services free of charge to the Company while we actively seek and evaluate appropriate transactions for your Company.

Portfolio

The addition of the investment in EOG to the Company's share portfolio, together with the modest investment in JHI Associates Inc now provides an investment focus concentrated on Guyana.

We continue to hold our legacy investments with exposure to the Falkland Islands, namely Rockhopper and Argos. The share price performance of these holdings continues to be in line with oil prices.

Future Outlook

The Company is actively seeking exposure to opportunities in the Guyana Suriname basin. The Westmount platform provides an opportunity to host such opportunities in a London listed and financed vehicle.

While acknowledging the competitive nature of the Guyana Suriname basin, following the incredible success in the Exxon Mobil operated Stabroek block offshore Guyana, we believe that this area is a major emerging hydrocarbon province with potential to offer significant investment returns in a 'lower for longer' oil price environment. In addition, we continue to evaluate opportunities elsewhere where we believe there is also the potential to create or capture significant shareholder value.

I believe that Westmount has the management, broker, financial community and shareholder support to finance and execute the opportunities that emerge from the ongoing process. I thank all shareholders and stakeholders for their support and patience, and believe that the outlook for Westmount is as positive as it has been for a number of years.

Gerard Walsh

Chairman

15 November 2017

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of Westmount Energy Limited (the "Company") for the year ended 30 June 2017.

Principal Activities

The principal activity of the Company is, and continues to be, investment holding. Development of the Company's activities and its prospects are reviewed in the Chairman's Review on page 3.

The Company was incorporated in Jersey on 1 October 1992 under the Companies (Jersey) Law 1991, as amended, and is a public company with registered number 53623. The Company is listed on the London Stock Exchange Alternative Investment Market ("AIM").

Directors and Directors' Interests

The Directors during the year and subsequently to the date of this report were as follows:

	<i>Shares held at 30 June 2017</i>	<i>Options held at 30 June 2017</i>	<i>Warrants held at 30 June 2017</i>
G Walsh (<i>Chairman</i>)	4,650,000	500,000	775,000
D R King	—	250,000	—
T P O'Gorman	4,650,000	500,000	775,000
M Bradlow (<i>resigned 11 April 2017</i>)	—	500,000	—
D Corcoran (<i>appointed 11 April 2017</i>)	4,500,000	—	750,000

Results and Dividends

The result for the year is set out on page 10 in the Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend in respect of these financial statements (2016: £Nil).

Auditor

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- so far as the Directors are aware, there is no relevant audit information (information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware, and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information and to establish that the Company's auditor is aware of that information.

The auditor, Moore Stephens, has indicated its willingness to continue in office, and a resolution that they be re-appointed will be proposed at the next annual general meeting.

Directors' Biographical Information

Gerard Walsh, Chairman, age 54, a Swiss resident, is a member of the Chartered Institute of Management Accountants and has been involved in financing oil and gas companies for over 20 years.

David R King, age 59, a Jersey resident, is a Fellow of the Institute of Chartered Accountants in England and Wales and has over 25 years' experience in capital markets and cross border structuring gained from senior positions in a number of offshore jurisdictions, notably the Cayman Islands, Hong Kong, Luxembourg and Jersey.

Westmount Energy Limited

DIRECTORS' REPORT *(continued)*

Thomas P O’Gorman, age 65, a Northern Ireland resident, is a long term investor in the resource sector and is the former chairman of Cove Energy Plc (formerly Lapp Platts Plc).

Dermot Corcoran, age 57, a Republic of Ireland resident, is a petroleum geologist and geophysicist, with more than 30 years’ experience working with both major and minor hydrocarbon exploration companies globally.

Secretary

The Secretary of the Company is Stonehage Fleming Corporate Services Limited.

Statement of Directors’ Responsibilities with regard to the Financial Statements

The Directors are responsible for preparing the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law. Under Company law the Directors must prepare financial statements that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. The Company’s website is maintained in compliance with AIM Rule 26.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

D R King
Director

15 November 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WESTMOUNT ENERGY LIMITED**

Opinion

We have audited the financial statements of Westmount Energy Limited (the 'Company') for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union (EU).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its comprehensive loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

This report is made solely to the company's shareholders as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Westmount Energy Limited

INDEPENDENT AUDITOR'S REPORT *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the chairman's review or the directors' report.

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or
- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (*continued*)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Lance Spurrier

For and on behalf of Moore Stephens Audit & Assurance (Jersey) Limited
First Island House
Peter Street, St Helier
Jersey JE2 4SP
Channel Islands

15 November 2017

Westmount Energy Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

		<i>Year ended 30 June 2017</i>	<i>Year ended 30 June 2016 (as restated)</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Net loss on financial assets held at fair value through profit or loss		(8,682)	(260,911)
Administrative expenses	4,16	(188,818)	(112,611)
Share options expensed	11	(3,000)	—
Operating loss		<u>(200,500)</u>	<u>(373,522)</u>
Loss before and after tax		<u>(200,500)</u>	<u>(373,522)</u>
Comprehensive loss for the year		<u>(200,500)</u>	<u>(373,522)</u>
Basic loss per share (pence)	5	<u>(0.79)</u>	<u>(2.23)</u>
Diluted loss per share (pence)	5	<u>(0.79)</u>	<u>(2.23)</u>

All results are derived from continuing operations.

The Company has no items of other comprehensive income.

The notes on pages 14 to 24 form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	<i>Notes</i>	<i>As at 30 June 2017 £</i>	<i>As at 30 June 2016 (as restated) £</i>
ASSETS			
Non-Current Assets			
Financial assets at fair value through profit or loss	6	720,591	216,299
Current Assets			
Other receivables	7	10,778	10,023
Cash and cash equivalents	8	548,042	402,716
		558,820	412,739
Total assets		1,279,411	629,038
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	73,736	31,387
EQUITY			
Stated capital	10,16	3,772,244	2,966,720
Share option account	11	352,906	349,906
Retained earnings	16	(2,919,475)	(2,718,975)
Total equity		1,205,675	597,651
Total liabilities and equity		1,279,411	629,038

These financial statements were approved and authorised for issue by the Board of Directors on 15 November 2017 and were signed on its behalf by:

D R King

Director

15 November 2017

The notes on pages 14 to 24 form an integral part of these financial statements

Westmount Energy Limited

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	<i>Share capital (as restated) £</i>	<i>Share premium account £</i>	<i>Share option account £</i>	<i>Retained earnings (as restated) £</i>	<i>Total equity £</i>
As at 1 July 2015	1,966,060	551,560	349,906	(2,345,453)	522,073
Comprehensive income					
Loss for the year ended 30 June 2016 (as previously reported)	—	—	—	(434,023)	(434,023)
Transactions with owners					
Open offer at 4p per 20p ordinary share	509,601	—	—	—	509,601
Conversion of 20p ordinary shares to nil par value shares	551,560	(551,560)	—	—	—
Prior year adjustment (see note 16)	(60,501)	—	—	60,501	—
At 30 June 2016	<u>2,966,720</u>	<u>—</u>	<u>349,906</u>	<u>(2,718,975)</u>	<u>597,651</u>
Comprehensive income					
Loss for the year ended 30 June 2017	—	—	—	(200,500)	(200,500)
Transactions with owners					
Subscription and open offer at 5p per nil par value ordinary share	805,524	—	—	—	805,524
Share options expensed	—	—	3,000	—	3,000
At 30 June 2017	<u>3,772,244</u>	<u>—</u>	<u>352,906</u>	<u>(2,919,475)</u>	<u>1,205,675</u>

The notes on pages 14 to 24 form an integral part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	<i>Notes</i>	<i>Year ended 30 June 2017 £</i>	<i>Year ended 30 June 2016 (as restated) £</i>
Cash flows from operating activities			
Total comprehensive loss for the year	16	(200,500)	(373,522)
Adjustment for net loss on financial assets at fair value through profit or loss		8,682	260,911
Adjustment for share options expensed		3,000	—
Increase in other receivables		(755)	(302)
Increase/(decrease) in trade and other payables		42,349	(373)
Proceeds from sale of investments		48,300	59,611
Purchase of investments		(561,274)	—
Net cash outflows from operating activities		<u>(660,198)</u>	<u>(53,675)</u>
Cash flows from financing activities			
Receipt of loan from Director		300,000	—
Repayment of loan from Director		(300,000)	—
Proceeds from issue of ordinary shares	10,16	805,524	449,100
Net cash generated from financing activities		<u>805,524</u>	<u>449,100</u>
Net increase in cash and cash equivalents		<u>145,326</u>	<u>395,425</u>
Cash and cash equivalents at beginning of year		<u>402,716</u>	<u>7,291</u>
Cash and cash equivalents at end of year	8	<u>548,042</u>	<u>402,716</u>

The notes on pages 14 to 24 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. General Information and Statements of Compliance with International Financial Reporting Standards as adopted by the European Union

Westmount Energy Limited (the “Company”) operates solely as an energy investment company. The investment strategy of the Company is to provide seed capital to small companies that are identified as having significant growth possibilities.

The Company was incorporated in Jersey on 1 October 1992 under the Companies (Jersey) Law 1991, as amended, and is a public company with registered number 53623. The Company is listed on the London Stock Exchange Alternative Investment Market (“AIM”).

Basis of Preparation

The financial statements have been prepared under the historical cost convention with the exception of investments measured at fair value and in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union, including standards and interpretations issued by the International Accounting Standards Board (“IASB”).

2. Accounting Policies

The significant accounting policies that have been applied in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. The new standards and interpretations that have been issued are not expected to have a material impact on the Company’s financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the management while applying the Company’s accounting policies in relation to the value of options issued, as set out in note 11. These estimates are based on the management’s best knowledge of the events which existed at the date of issue of the financial statements and at the Statement of Financial Position date however, the actual results may differ from these estimates.

Financial assets at fair value through profit and loss that are not listed have been valued using the International Private Equity and Venture Capital (“IPEVC”) Guidelines and information received from the investment entity. The inputs to value these assets require significant estimates and judgements to be made by the Directors.

Functional and presentational currency

The functional currency of the Company is United Kingdom Sterling (“Sterling”), the currency of the primary economic environment in which the Company operates. The presentation currency of the Company for accounting purposes is also Sterling.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

2. Accounting Policies (*continued*)

Foreign currency

Foreign currency monetary assets and liabilities are translated into Sterling at the rate of exchange ruling on the last day of the Company's financial year. Foreign currency non-monetary items that are measured at fair value in a foreign currency are translated into Sterling using the exchange rates at the date when the fair value was determined. Foreign currency transactions are translated at the exchange rate ruling on the date of the transaction. Gains and losses arising on the currency translation are included in administrative expenses in the Statement of Comprehensive Income in the year in which they arise.

Financial assets

The Company classifies its investments at fair value through profit or loss.

Financial assets at fair value through profit or loss

The Company designates its financial assets as at fair value through profit or loss as the financial assets are managed and their performance is evaluated on a fair value basis. Financial assets carried at fair value through profit or loss are initially recognised at fair value and any transactions costs are recognised in the Statement of Comprehensive Income. Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the investment.

For listed investments, fair value is determined by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting year, without deduction for transaction costs necessary to realise the asset. For non-listed investments fair value is determined by using recognised valuation methodologies, in accordance with the IPEVC Guidelines. One investment held at the end of the year required valuation using the IPEVC guidelines (JHI Associates Inc), which has been valued based on recent share issues by JHI Associates Inc.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Any gains or losses on derecognition of financial assets is calculated after setting the proceeds against the fair value and, in respect of a part disposal, against the fair value at the date of sale. The surplus or loss on realisation is transferred to the Statement of Comprehensive Income.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the Statement of Comprehensive Income in the period in which they arise.

Financial liabilities

Financial liabilities are trade and other payables and are financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company either receives services from another entity or purchases any security the settlement of which remains outstanding as at the reporting date. Payables are recognised initially at fair value less transaction costs, if any. These are subsequently measured at amortised cost using the effective interest method. Given the short term nature of payables, (period between their origination and settlement), their amortised cost is considered a reasonable estimate of their fair value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less at inception.

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Accounting Policies *(continued)*

Equity, reserves and dividend payments

Ordinary shares are classified as equity. Transaction costs associated with the issuing of shares are deducted from stated capital. Retained earnings include all current and prior period retained profits. Shares are classified as equity when there is no obligation to transfer cash or other assets.

Expenditure

The expenses of the Company are recognised on an accruals basis in the Statement of Comprehensive Income.

Share options

Equity-settled share based payment transactions are measured at the fair value of the goods and services received unless that cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. Fair value is measured at the grant date and is estimated using valuation techniques as set out in note 11. The fair value is recognised in the Statement of Comprehensive Income, with a corresponding increase in equity via the share option account. When options are exercised, the relevant amount in the share option account is transferred to stated capital.

3. Taxation

The Company is subject to income tax at a rate of 0%. The Company is registered as an International Services Entity under the Goods and Services Tax (Jersey) Law 2007 and a fee of £200 has been paid, which has been included in administrative expenses.

4. Administrative Expenses

	2017	2016
		<i>(as restated)</i>
	£	£
Administration and consultancy fees	34,718	34,792
Advisory fees	38,220	12,500
Audit fees	12,074	10,851
Directors' fees	20,000	20,000
Foreign exchange losses	7,587	—
Legal and professional fees	23,700	7,870
Printing and stationary	14,950	5,031
Registered agents fees	17,752	6,744
Other expenses	19,817	14,823
	<u>188,818</u>	<u>112,611</u>

5. Loss per Share

The calculation of basic loss per ordinary share is based on the comprehensive loss for the year of £200,500 (2016: (£373,522)). The weighted average number of shares in issue during the year was 25,354,209 (2016: 16,765,990). As explained in note 11 there are share options in issue over the Company's ordinary shares. The options, if exercised, would decrease the basic loss per share and as a result there is no dilution effect on the loss per share. Accordingly, the fully diluted loss per share is reported as the same as the basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)**6. Financial Assets at Fair Value through Profit or Loss**

	2017	2016
	£	£
Sterling Energy plc (“Sterling”)	—	45,750
Argos Resources Ltd (“Argos”)	30,000	37,500
Rockhopper Exploration plc (“Rockhopper”)	80,582	128,036
Pancontinental Oil & Gas NL (“Pancontinental”)	1,772	5,013
Eco Atlantic Oil & Gas Ltd (“Eco Atlantic”)	531,250	—
JHI Associates Inc (“JHI”)	76,987	—
Total investments	<u>720,591</u>	<u>216,299</u>

On 26 January 2017, the Company disposed of its entire holding of 300,000 ordinary fully paid shares in Sterling for proceeds of £48,300.

On 30 June 2017, the fair value of the Company’s holding of 1,000,000 (2016: 1,000,000) ordinary fully paid shares in Argos, representing 0.46% (2016: 0.46%) of the issued share capital of the company, was £30,000 (2016: £37,500) (3.00p per share (2016: 3.75p per share)). No shares were disposed of in the current or prior year.

On 30 June 2017, the fair value of the Company’s holding of 358,142 (2016: 358,142) ordinary fully paid shares in Rockhopper, representing 0.08% (2016: 0.08%) of the issued share capital of the company, was £80,582 (2016: £128,036) (22.50p per share (2016: 35.75p)). No Rockhopper shares were disposed of in the current year.

On 30 June 2017, the fair value of the Company’s holding of 3,000,000 (2016: 3,000,000) ordinary fully paid shares in Pancontinental, representing 0.06% (2016: 0.26%) of the issued share capital of the company, was £1,772 (2016: £5,013) (0.06p per share (2016: 0.17p per share)). No shares were disposed of in the current or prior year.

On 6 February 2017, the Company purchased 3,125,000 ordinary fully paid shares in Eco Atlantic for £500,000 (16.00p per share). On 30 June 2017, the fair value of the Company’s holding of 3,125,000 ordinary fully paid shares in Eco Atlantic, representing 2.63% of the issued share capital of the company, was £531,250 (17.00p per share). No shares were disposed of during the year.

On 23 December 2016, the Company purchased 100,000 units (each unit comprising one common share plus one half of one common share purchase warrant) in JHI for £61,275 (61.27p per unit). On 30 June 2017, the Directors’ estimate of the fair value of the Company’s holding of 100,000 units in JHI was £76,987 (76.99p per unit). No units were disposed of during the year.

7. Other Receivables

	2017	2016
	£	£
Prepayments and accounts receivable	<u>10,778</u>	<u>10,023</u>

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Cash and Cash Equivalents

	2017	2016
	£	£
Cash at bank	548,042	2,460
Fixed deposit	—	400,256
	<u>548,042</u>	<u>402,716</u>

Cash and cash equivalents are considered to be highly liquid, so that book cost is considered equivalent to fair value.

9. Trade and Other Payables

	2017	2016
	£	£
Accrued expenses	<u>73,736</u>	<u>31,387</u>

10. Stated Capital

Allotted, called up and fully paid:

	<i>Ordinary shares</i>	<i>Ordinary shares (as restated)</i>
	<i>No.</i>	<i>£</i>
1 July 2016	22,570,335	2,966,720
Additions	18,285,167	805,524
At 30 June 2017	<u>40,855,502</u>	<u>3,772,244</u>

On 17 December 2015, the company changed its legal status from being a Jersey par value company to being a Jersey no par value company. As a consequence the shares were re-designated as nil par value shares and the balance on the share premium account was credited to Stated Capital.

As a consequence of becoming a Jersey no par value company, the proceeds of any future share issues will be credited in full to the Stated Capital and no amount will be credited to a separate share premium reserve.

On 18 April 2017, the Company raised further capital in the form of a subscription in conjunction with an open offer. The subscription raised £200,000 before expenses with 4,000,000 ordinary shares issued at 5.00 pence per share. The open offer on 8 May 2017 raised £564,258 before expenses with 11,285,167 ordinary shares issued at 5.00 pence per share. A further subscription on 19 May 2017 raised £150,000 before expenses with 3,000,000 ordinary shares issued at 5.00 pence per share. In total, additional capital of £914,258 was raised and transaction costs of £108,734 have been deducted from stated capital.

There were no share redemptions during the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

11. Share Option Account

	<i>Share option account</i>
	£
1 July 2016	349,906
Share options expensed	3,000
	<hr/>
At 30 June 2017	352,906
	<hr/> <hr/>

On 3 January 2017, the Company granted 1,750,000 share options at a weighted average exercise price of 7.5p per share. The options vested in the current financial year and are exercisable at the option of the option holder, expiring 31 December 2019. The fair value of the options granted was £17,998 using the Black Scholes valuation model.

IFRS 2 requires the fair value of material options to be expensed in the period in which they vest. However, as the fair value of these options is not material, the directors have elected to spread it over the 3-year exercise period.

The following assumptions were used to determine fair value of the options:

	<i>Black Scholes</i>
Weighted average share price at grant date (pence)	4.87
Exercise price (pence)	7.5
Expected volatility (%)	51%
Average option life (years)	3.0
Risk free interest rate (%)	0.188%

The expected volatility is based on the historic volatility of the Company's share price.

The number and weighted average exercise price of share options are as follows:

	2017	2017	2016	2016
	<i>Weighted average exercise price (p)</i>	<i>Number of options (No.)</i>	<i>Weighted average exercise price (p)</i>	<i>Number of options (No.)</i>
Outstanding at start of the year	20.0	1,650,000	20.0	1,650,000
Granted during the year	7.5	1,750,000	—	—
Exercised during the year	—	—	—	—
Lapsed during the year	20.0	(1,650,000)	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at end of the year	7.5	1,750,000	20.0	1,650,000
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at end of the year	7.5	1,750,000	20.0	1,650,000
	<hr/>	<hr/>	<hr/>	<hr/>

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

12. Financial Risk

The Company's investment activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) *Market risk*

i) *Foreign exchange risk*

The Company is not exposed to significant currency risk as it invests primarily in companies listed on the London Stock Exchange, predominately denominated in Sterling and has cash balances denominated in Sterling. The Company does have some exposure to currency risk through its investments in Pancontinental and JHI, the directors have not hedged this exposure.

Currency exposure as at 30 June 2017:

	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
	£	£	exposure
			£
Currency			
US Dollars	76,987	—	76,987
Australian Dollars	1,772	—	1,772
Total	<u>78,759</u>	<u>—</u>	<u>78,759</u>

If the value of sterling had strengthened by 5% against all of the currencies, with all other variables held constant at the reporting date, the equity attributable to equity holders would have decreased and the loss for the period would have increased by £3,750. A decrease of 5% would have an equal but opposite effect. The calculations are based on the financial assets and financial liabilities as at the period end and are not representative of the period as a whole.

ii) *Price risk*

Price risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk on the investments held by the Company and classified by the Company on the Statement of Financial Position as fair value through profit or loss. To manage its price risk management closely monitor the activities of the underlying investments.

The Company's exposure to price risk is as follows:

	<i>Fair value</i>
Fair Value Through Profit or Loss, as at 30 June 2017	720,591
Fair Value Through Profit or Loss, as at 30 June 2016	216,299

With the exception of JHI, the Company's investments are all publicly traded and listed on either the AIM or the Australian Stock Exchange. A 15% increase in market price would reduce the pre-tax loss for the year and increase the net assets attributable to ordinary shareholders by £98,756 (2016: £32,445). A 15% reduction in market price would have increased the pre-tax loss for the year and reduced the net assets attributable to shareholders by an equal but opposite amount. 15% represents management's assessment of a reasonably possible change in the market prices.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)**12. Financial Risk (*continued*)**

A 30% increase in the market price of JHI would reduce the pre-tax loss for the year and increase the net assets attributable to ordinary shareholders by £23,096. A 30% reduction in market price would have increased the pre-tax loss for the year and reduced the net assets attributable to shareholders by an equal but opposite amount. 30% represents management's assessment of a reasonably possible change in the market price of JHI based on the price of recent share issues by JHI.

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any borrowings and the Company's cash deposits do not currently earn interest.

b) Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The Directors do not believe the Company is subject to any significant credit risk exposure regarding trade receivables.

At the end of the reporting period, the Company's financial assets exposed to credit risk amounted to the following:

	2017	2016
	£	£
Cash and cash equivalents	548,042	402,716

The Company considers that all the above financial assets are not impaired or past due for each of the reporting dates under review and are of good credit quality.

c) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's primary source of liquidity consists of cash and cash equivalents and financial assets held at fair value through profit or loss. The Company's financial assets at fair value through profit or loss are primarily publicly traded and are deemed highly liquid.

The following table details the contractual, undiscounted cash flows of the Company's financial liabilities:

As at 30 June 2017

	<i>Up to</i> <i>3 months</i>	<i>Up to</i> <i>1 year</i>	<i>Over</i> <i>1 year</i>	<i>Total</i>
	£	£	£	£
Financial liabilities				
Trade and other payables	73,736	—	—	73,736

As at 30 June 2016

	<i>Up to</i> <i>3 months</i>	<i>Up to</i> <i>1 year</i>	<i>Over</i> <i>1 year</i>	<i>Total</i>
	£	£	£	£
Financial liabilities				
Trade and other payables	31,387	—	—	31,387

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

12. Financial Risk (*continued*)

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide optimum returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders or sell assets. The Company does not have any debt nor is the Company subject to any external capital requirements.

Fair Value Estimation

The Company has classified its financial assets as fair value through profit or loss and fair value is determined via one of the following categories:

Level I – An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. As required by IFRS 7, the Company will not adjust the quoted price for these investments, (even in situations where it holds a large position and a sale could reasonably impact the quoted price).

Level II – Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III – Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table shows the classification of the Company's financial assets:

	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>	<i>Total</i>
	£	£	£	£
At 30 June 2017	643,604	—	76,987	720,591
At 30 June 2016	216,299	—	—	216,299

A reconciliation of the movements in Level III investments is shown below:

	2017	2016
	£	£
At start of the year	—	—
Purchases	61,275	—
Change in fair value	15,712	—
At end of the year	76,987	—

NOTES TO THE FINANCIAL STATEMENTS (*continued*)**13. Directors' Remuneration and Share Options**

	<i>2017</i> <i>Directors'</i> <i>fees</i> £	<i>2016</i> <i>Directors'</i> <i>fees</i> £	<i>2017</i> <i>Options</i> <i>outstanding</i> £
D R King	12,000	12,000	250,000
M Bradlow (resigned 11 April 2017)	8,000	8,000	500,000
D Corcoran	—	—	—
G Walsh	—	—	500,000
T O'Gorman	—	—	500,000
	<u>20,000</u>	<u>20,000</u>	<u>1,750,000</u>

At the year end the Company owed £nil (2016: £3,000) in outstanding directors' fees.

1,750,000 share options were issued during the year ended 30 June 2017 (2016: nil) and nil (2016: nil) options were exercised during the year. All outstanding options are due to expire 31 December 2019.

The Company does not employ any staff except for its Board of Directors. The Company does not contribute to the pensions or any other long-term incentive schemes on behalf of its Directors.

14. Related Parties

In January 2017, the company received an interest free loan of £300,000 from Gerard Walsh, a Director of the Company. This loan was subsequently repaid in four tranches with the loan being fully repaid in June 2017.

Until 30 June 2017, David King was both an employee of Stonehage Fleming Corporate Services Limited and a Director of the Company. The preparation of the financial statements of the Company, and Company Secretary services are undertaken by Stonehage Fleming Corporate Services Limited. During the year, administration and consultancy fees plus directors fees totalling £46,718 (2016: £46,792) were paid to Stonehage Fleming Corporate Services Limited of which £9,176 (2016: £22,287) was outstanding at the year end.

Fees paid to the Directors are disclosed in note 13.

15. Commitments and Contingencies

The company issued a total of 7,642,584 warrants during the year ended 30 June 2017 pursuant to subscriptions and the open offer (further details of which are set out in Note 10), which entitle the holder to subscribe for one new nil par value ordinary share, exercisable at 7.5 pence. The warrants have expiry dates as follows:

	<i>No. of</i> <i>warrants</i>
18 April 2018	2,000,000
8 May 2018	5,642,584
	<u>7,642,584</u>

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Prior Year Adjustment

Expenses of the issue of shares amounting to £60,501 for the year ended 30 June 2016 were incorrectly charged against the Statement of Comprehensive Income when they should have been charged directly against Stated Capital as permitted by the Companies (Jersey) Law 1991. Accordingly, a prior year adjustment has been processed to correctly restate the comparative amounts for the year ended 30 June 2016.

17. Controlling Party

In the opinion of the Directors the Company does not have a controlling party.

18. Subsequent Events

There were no material events after the reporting year end.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Westmount Energy Limited will be held at No 2 The Forum, Grenville Street, St Helier, Jersey JE1 4HH, Channel Islands on 11 December 2017 at 10.00 am for the purpose of conducting the following business. In accordance with article 11.3 of the articles of association adopted on 20 February 2012 members wishing to attend the meeting by conference call may contact the Company via their website (www.westmountenergy.com) to arrange dial-in details.

Ordinary business of the Company:-

1. To receive the Company's financial statements for the year ended 30 June 2017 and the reports of the directors and the auditor's thereon.
2. To re-appoint Moore Stephens as auditor of the Company.
3. To authorise the directors of the Company to fix the remuneration of the auditor.
4. To transact any other ordinary business which may properly be transacted at an annual general meeting.

By order of the Board

Stonehage Fleming Corporate Services Limited

Secretary

Registered office:

No 2 The Forum Grenville Street
St Helier
Jersey JE1 4HH
Channel Islands

Notes

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his 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 Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not less than 48 hours, excluding non-business days, before the time fixed for holding the meeting. Completion and return of the Form of Proxy does not preclude a shareholder from attending and voting in person at the meeting.
- (iii) The Company, pursuant to the Companies (Uncertificated Securities) (Jersey) Order 1999 and its articles of association, specifies that only those shareholders holding nil par value ordinary shares in the Company and entered on the register of members of the Company as at close of business on 7 December 2017 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of such shares registered in their name at that time. Changes to entries on the relevant register of securities after close of business on 7 December 2017 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

