

WESTMOUNT ENERGY LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2007

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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COMPANY PROFILE

Westmount Energy Limited (“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 now operates solely as an energy investment company.

The investment strategy of the company has been to provide seed capital to small companies that are identified as having significant growth possibilities. These investments are usually sold subsequent to floatation or when a significant third party offer is available, which values such a stake as attractive both for price and market reasons.

The shares of the company commenced trading on the Alternative Investment Market (“AIM”) on 2 October 1995. The middle market closing share price on 30 June 2007 was 95.0p (30 June 2006: 120.5p). The company has a total of 7,440,000 ordinary shares of 20p each (at 30 June 2007) in issue held by approximately 1,300 shareholders. There are also share options outstanding over 600,000 20p ordinary shares, exercisable at a subscription price of 103.5p per share, and options outstanding over 150,000 20p ordinary shares, exercisable at a subscription price of 108p per share, over various periods, expiring 31 December 2012. Since the exercise price of these options at 30 June 2007 was above the market price, they are deemed to have no dilution effect on earnings per share and diluted earnings per share are consequently the same as basic earnings per share.

COMPANY INFORMATION

Directors	Alan Levison (Chairman) Peter J. Richardson Marc S.D. Yates Paul R. Anderson
Non-Executive Director	Mervyn Bradlow
Secretary and Registered Office	Bedell Secretaries Limited 26 New Street St Helier Jersey JE2 3RA Channel Islands
Nominated Adviser and Nominated Broker	Ruegg & Co Limited 39 Cheval Place London SW7 1EW
Legal Advisers	Jersey Ogier Whiteley Chambers Don Street, St Helier Jersey JE4 9WG Channel Islands UK Stikeman Elliott Dauntsey House 4B Frederick's Place London EC2R 8AB
Auditors	Moore Stephens First Island House 19 – 21 Peter Street, St Helier Jersey JE2 4SP Channel Islands
Bankers	The Royal Bank of Scotland International Limited 71 Bath Street, St Helier Jersey JE2 4SU Channel Islands
Registrar	Capita Registrars (Jersey) Limited Victoria Chambers Liberation Square 1-3 The Esplanade St Helier Jersey JE2 3QA Channel Islands

CHAIRMAN'S REVIEW

I am pleased to present the results for the 12 months ended 30 June 2007. Although the results show a loss of £363,923 as compared to an adjusted profit of £4,148,693 for the previous year the company has continued to focus its efforts on realising value from its portfolio of investments. The previous year's profit resulted from the sale of 40,000,000 ordinary shares of its holding of 70,000,000 ordinary shares in Sterling Energy plc whereas for this financial year there have been no sales of any of the company's investments. Therefore the year's loss arises from the administrative costs incurred in running the company over this period.

Following the death of the founder and Chairman Derek Williams, I was invited to the Board and appointed Chairman on the 17 March 2007. The Board was further strengthened by the appointment of Mervyn Bradlow on 11 May 2007. Mervyn, a practicing stockbroker was a long time friend and adviser to Derek and will assist in planning the future strategy of the company.

The restructured Board is conducting a detailed review of the company's future strategy both in relation to its existing portfolio of investments as well as considering other opportunities as they present themselves in order to create value for the shareholders of the company.

Following on from this review and recorded in the following financial statements as a post-balance sheet event, I am pleased to report that we disposed of our holding of 3,762,268 ordinary shares in CDS Oil & Gas Group plc on 25 September 2007 at 22p per share for total value of £827,699. This realised a net cash profit for the company after all costs of £289,071. The company had previously provided a £500,000 convertible loan to CDS for their exploration programme in North West Paraguay, South America. This was repaid by CDS by paying up and subscribing for 37,622,687 new ordinary shares in CDS, which were subsequently consolidated on a 1 for 10 basis.

The company's remaining investments are as follows:-

Sterling Energy plc ("Sterling")

Sterling is an AIM -traded oil and gas exploration and production company operating in the Gulf of Mexico and Africa and recently published its interim results for the first half of 2007. Sterling's strategy is to create value by achieving a balance between production and exploration. Sterling has a growing cash position and an active and largely carried exploration portfolio with 8 wells planned over the next year. Following the sale of 40,000,000 ordinary shares in Sterling during 2006 the company retains a holding of 30,000,000 ordinary shares in Sterling.

Desire Petroleum plc ("Desire")

Through its shareholding of 5,500,000 ordinary shares in Desire, also an AIM-listed company, the company has a significant indirect investment in the exploration of the North Falkland Basin, South Atlantic. Desire has developed a prospect portfolio and awaits the availability of a suitable drilling rig. Desire reported a loss for the half-year ending 30 June 2007 of £628,000, largely arising from foreign exchange losses and the non-cash charge for share-based payments. The weakening of the US Dollar produced the exchange losses on Desire's dollar funds, which are held for future exploration programmes.

Eclipse Energy UK plc ("Eclipse")

Eclipse is not currently traded on a public market. It has made significant progress over the last year with its combined Ormonde wind farm and gas to power projects. Formal approval for the two projects, to proceed to development, was given on 8 February 2007 by the Energy Minister, Lord Truscott. The innovative hybrid development has the potential to generate up to 200 MW of electricity, with almost half coming from the wind farm comprising up to 30 turbines, enough energy to supply around 70,000 homes. The Ormonde project is located 10 kilometres offshore Barrow-in-Furness, Cumbria in the East Irish Sea. Eclipse operates the undeveloped Ormonde North and South gas fields located in Blocks 113/28a and 113/29a held under licences P1032 and P1033. The company holds 244,000 ordinary fully paid shares in Eclipse at a book cost of £735,000.

The Future

Your Board is actively pursuing various opportunities to create value for the shareholders of the company and have noted that the current share price is well below that of the net asset value per share. I am pleased to be able to report that the fully diluted net asset value per share as at the date of this review is approximately 116p. This value is based upon the closing middle-market quotation as derived from the

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London Stock Exchange as at 19 November 2007 in respect of each of the quoted investments and a directors' valuation of £7.50 per ordinary share in respect of the unquoted investment in Eclipse.

If further circumstances allow we may consider disposals of our investments with a view to returning capital to the shareholders.

We look forward with confidence to the future of Westmount Energy Limited.

ALAN LEVISON

Chairman
20 November 2007

**REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS OF WESTMOUNT ENERGY LIMITED**

1. The directors have pleasure in presenting the audited financial statements of the company and of the group for the year ended 30 June 2007.
2. The result for the year is set out on page 10 in the consolidated profit and loss account. The directors do not recommend the payment of a dividend in respect of these financial statements.
3. Development of the company's activities and its prospects are reviewed in the chairman's review on pages 4 and 5.
4. The directors during the year and subsequently were as follows:

D G Williams (USA) (deceased 19 January 2007)
A Levison (Chairman) (appointed 17 March 2007)
P J Richardson
M S D Yates
P R Anderson
M Bradlow (Non-Executive director) (appointed 11 May 2007)

Biographical Information

Alan Levison, age 56, has thirty years of experience in the oil and gas industry. He holds an M.Sc. in Petroleum Geology from Imperial College London and spent the majority of his career in Chevron and BG in senior management roles. In recent years Alan has served on the boards of Fusion Oil & Gas plc, Sterling Energy plc and the board of Eclipse Energy UK plc, where the company holds a significant equity interest.

Peter J Richardson, age 51, a Jersey resident, is an associate of the Chartered Institute of Bankers and a diploma qualified member of the Securities Institute. A director of the company since 25 June 1998, he is a director of fund management and special purpose vehicle administration companies. He was formerly for six years Corporate Trust Manager of The Royal Bank of Scotland Trust Company (Jersey) Limited and for the previous twenty years held senior positions with four major international banking groups.

He also holds a number of public company directorships.

Marc S D Yates, age 47, a Jersey resident, and a director of the company since 1 October 1998, is a partner in the offshore legal and fiduciary services Ogier Group Partnership. He practices in the area of corporate and finance law and has been an advocate of the Royal Court of Jersey since 1985, as well as being an English barrister of twenty four years standing.

He also holds a number of public company directorships.

Paul R Anderson, age 33, a Jersey resident, and a director of the company since 22 December 2005, is an associate member of the Institute of Chartered Secretaries and Administrators and a senior trust manager of Bedell Group, Jersey and has been involved with the company's business for over 10 years.

Mervyn Bradlow, Non Executive director, age 76, has been known to the company for many years and had a close association with the previous chairman, was a member of the London Stock Exchange and is currently an investment advisor with Hargreave Hale Limited, stockbrokers, and has been involved in the oil and gas sector for over 20 years.

Event During the Year

It is with great regret that the Board notes the death of Derek G Williams, the Chairman of the company on 19 January 2007. It is evident that the board and all shareholders owe much to Derek and his development of the company since 1994, and the board expresses their appreciation of his long and diligent service to the company.

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5. The secretary of the company throughout the year was Bedell Secretaries Limited.
6. The principal activity of the company is, and continues to be, investment holding.
7. The directors during the year and their families have the following interests in the shares of the company.

	Ordinary shares of 20p each			Share options		
	20 November 2007	30 June 2007	30 June 2006	20 November 2007	30 June 2007	30 June 2006
Personal representatives of the late D G Williams (a)	1,005,939	1,005,939	1,005,939	-	-	150,000
A Levison (b)	13,833	13,833	13,833	150,000	-	-
P J Richardson	139,988	139,988	139,988	150,000	150,000	150,000
M S D Yates	139,988	139,988	139,988	150,000	150,000	150,000
P R Anderson	-	-	-	150,000	150,000	150,000
M Bradlow	60,000	60,000	60,000	-	-	-

a) Including non-beneficial holdings of 1,005,939 shares at 30 June 2007 (750,939 at 30 June 2006).

b) Shares held by spouse.

8. At 20 November 2007 notification had been received of the following holdings of more than 3% of the issued capital of the company:

	Number	%
Personal representatives of the late D G Williams and related parties	1,005,939	13.52
Amodeo Investments Limited	895,000	12.03
Hargreave Hale Limited	901,000	12.11

9. There are no service contracts with directors. However, Ridge House Resources Limited, a company in which D G Williams was interested, is entitled to a commission of 3% of profits arising from the group's current interest held through Desire Petroleum plc and any future interests in the Falkland Islands.

In order to secure loan finance from The Royal Bank of Scotland plc, D G Williams provided a personal guarantee to the bank amounting to £500,000. In consideration of D G Williams providing that guarantee the company has agreed to pay him a fee of 3% of profits realised by the company on the investment in Eclipse Energy UK plc. This fee is payable to his estate.

In 2003 it was resolved that the directors at that time be entitled to a bonus calculated at 5% of the gross profit realised from any potential sale of 71,375,000 shares in Sterling Energy plc, received following the disposal of the group's investments in Fusion Oil & Gas plc and Fusion Oil & Gas NL. On 22 December 2005 and 17 March 2007, P R Anderson and A Levison respectively became party to the overall bonus of 5%.

10. The company is not resident in the United Kingdom and is, therefore, not a close company within the meaning of the United Kingdom Income and Corporation Taxes Act 1988.
11. The movements in investments are shown in note 7 to the financial statements on page 19.
12. The company does not follow any specified code or standard on payment practice. However, it is company policy to settle all debts owing on a timely basis, taking account of the credit period given by each supplier. The company has few trade creditors and the majority of year end credit was due to professional advisers. For this reason, the directors consider that the publication of the number of creditor days would not provide meaningful information.

13. The directors are responsible for preparing their report and the financial statements in accordance with applicable law and regulations.

The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. The financial statements are required to give a true and fair view of the state of the affairs of the company and of the group as at the end of the financial period and of the profit and loss of the company and of the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with laws and regulations.

The directors confirm that they have complied with these requirements and, at the time of approving these financial statements, have a reasonable expectation that the group has adequate resources to continue in operational existence as a going concern for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

14. A resolution to re-appoint the auditors, Moore Stephens, and authorising the directors to fix their remuneration will be submitted to the forthcoming annual general meeting.
15. Special Business at Annual General Meeting
The annual renewal of the general authority of the company to purchase up to ten per cent of its issued shares on a stock exchange is included as special business at the Annual General Meeting.

By Order of the Board

For and on behalf of
Bedell Secretaries Limited

P R ANDERSON

Secretary

26 New Street
St Helier
Jersey
JE2 3RA
Channel Islands

20 November 2007

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WESTMOUNT ENERGY LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Westmount Energy Limited for the year ended 30 June 2007 which are set out on pages 10 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with article 110(2) of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable Law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Report of the Directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Profile, Company Information, Chairman's Review and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's and the parent company's loss for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

MOORE STEPHENS

Chartered Accountants
First Island House
Peter Street, St Helier
Jersey JE2 4SP
Channel Islands

20 November 2007

WESTMOUNT ENERGY LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2007**

(Expressed in United Kingdom Sterling)

	Note	£	2007 £	£	As restated 2006 £
Turnover	2				
Continuing operations		-		-	
Discontinued operations		-		1,118	
			-		1,118
Operating profit before administrative expenses	2				
Continuing operations		-		-	
Discontinued operations		-		1,118	
			-		1,118
Administrative expenses	3		(436,410)		(459,686)
Profit on termination of oil and gas field interests		-		1,706,201	
Profit on disposal of investments		-		3,190,096	
Interest receivable		72,487		178,238	
			72,487		5,074,535
Net (loss)/profit on ordinary activities before taxation	3		(363,923)		4,615,967
Taxation	5		-		(467,274)
(Loss)/profit for the year			(363,923)		4,148,693
Basic earnings per share	6		(4.89)p		55.27p

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2007**

(Expressed in United Kingdom Sterling)

	2007 £	As restated 2006 £
(Loss)/profit retained for the year	(363,923)	4,148,693
Cost of B share issue and share consolidation	-	(155,895)
Total recognised gains and losses relating to the year	(363,923)	3,992,798
Prior period adjustment (see note 1(i))	(143,664)	-
Total (loss)/profit recognised since last annual report	(507,587)	3,992,798

The notes on pages 15 to 21 form part of these financial statements
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WESTMOUNT ENERGY LIMITED

**COMPANY PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2007**

(Expressed in United Kingdom Sterling)

	Note	£	2007 £	£	As restated 2006 £
Administrative expenses	3		(436,410)		(459,518)
Income from shares in group undertaking		-		1,267,250	
Profit on disposal of investments		-		3,190,096	
Interest receivable		72,487		170,620	
			72,487		4,627,966
Net (loss)/profit on ordinary activities before taxation	3		(363,923)		4,168,448
Taxation			-		-
(Loss)/profit for the year			(363,923)		4,168,448

The notes on pages 15 to 21 form part of these financial statements
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**CONSOLIDATED AND COMPANY BALANCE SHEET
AT 30 JUNE 2007**

(Expressed in United Kingdom Sterling)

	Note	2007		As restated 2006	
		£	£	£	£
FIXED ASSETS					
Investments	7		5,418,141		4,882,017
CURRENT ASSETS					
Debtors	8		5,824		505,549
Cash at bank			540,609		880,222
			<u>546,433</u>		<u>1,385,771</u>
CREDITORS: amounts falling due within one year	9		<u>(143,341)</u>		<u>(176,148)</u>
NET CURRENT ASSETS			<u>403,092</u>		<u>1,209,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,821,233</u>		<u>6,091,640</u>
SHARE CAPITAL AND RESERVES					
Share capital	10		1,488,000		1,496,686
Share premium account	11		679,469		668,220
Share option account	11		225,413		143,664
Capital redemption reserve	11		166,470		154,784
Profit and loss account	11		<u>3,261,881</u>		<u>3,628,286</u>
SHAREHOLDERS' FUNDS	12		<u>5,821,233</u>		<u>6,091,640</u>

These financial statements were approved by the board of directors on 20 November 2007.

P J RICHARDSON

Director

The notes on pages 15 to 21 form part of these financial statements
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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

(Expressed in United Kingdom Sterling)

	Note	2007 £	As restated 2006 £
Net cash outflow from operating activities	A	(326,654)	(325,752)
Returns on investments and servicing of finance	B	36,234	178,238
Taxation	C	-	(500,869)
Capital expenditure and financial investment	D	-	9,028,860
Cash (outflow)/inflow before financing		(290,420)	8,380,477
Financing	E	(49,193)	(7,535,046)
(Decrease)/increase in cash in the year		(339,613)	845,431
Reconciliation of cash flow to movement in net funds			
(Decrease)/increase in cash in the year		(339,613)	845,431
Loan advance		-	500,000
Change in net funds resulting from cash flows		(339,613)	1,345,431
Conversion of loan to equity investment		(500,000)	-
Movement in net funds in the year		(839,613)	1,345,431
Net funds brought forward		1,380,222	34,791
Net funds carried forward	F	540,609	1,380,222

The notes on pages 15 to 21 form part of these financial statements
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**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

A. RECONCILIATION OF NET OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2007		As restated
	£		2006
			£
Operating profit before administrative expenses	-		1,118
Administrative expenses	(436,410)		(459,686)
Cost attributable to issue of share options	142,709		143,664
(Increase)/decrease in prepayments and accrued income	(146)		6,230
Decrease in creditors and accrued expenses	(32,807)		(17,078)
Net cash outflow from operating activities	(326,654)		(325,752)
B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2007		2006
	£		£
Interest received	36,234		178,238
Net cash inflow from returns on investments and servicing of finance	36,234		178,238
C. TAXATION	2007		2006
	£		£
Tax paid	-		(500,869)
Net cash outflow for taxation	-		(500,869)
D. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2007		2006
	£		£
Loan advance	-		(500,000)
Sale of fixed asset investments	-		7,790,096
Termination of oil and gas field interests	-		1,738,764
Net cash inflow from capital expenditure and financial investment	-		9,028,860
E. FINANCING	2007		2006
	£		£
Redemption of B shares	-		(7,350,919)
Purchase of own shares	(63,442)		(28,232)
Cost of B share issue and share consolidation	-		(155,895)
Issue of shares	14,249		-
Net cash outflow from financing	(49,193)		(7,535,046)
F. ANALYSIS OF NET FUNDS	1 July		30 June
	2006	Cash flow	2007
	£	£	£
Net funds			
Cash at bank	880,222	(339,613)	-
Debtor-loan receivable	500,000	-	(500,000)
	<u>1,380,222</u>	<u>(339,613)</u>	<u>(500,000)</u>
			540,609

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

b) Turnover

Turnover represents royalty and other income receivable by the group from its oil and gas field interests.

c) Foreign currency

Transactions denominated in foreign currencies are translated to United Kingdom Sterling at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into United Kingdom Sterling at the rate prevailing at the balance sheet date.

Exchange gains and losses are taken to administrative expenses in the profit and loss account.

d) Taxation

United Kingdom Corporation Tax is provided on taxable profits at the appropriate rate.

e) Investments

Fixed and current asset investments are stated at cost and are subject to review for impairment. Any impairment is recognised in the profit and loss account in the year in which it occurs. Profits or losses realised on the disposal of individual fixed asset investments are calculated on an average cost basis.

f) Financial instruments

Financial assets and liabilities are initially recognised on the historical cost basis, which approximate to fair value. The company recognises a financial asset or financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument.

Income and expenses associated with financial instruments are taken to the profit and loss account on an accruals basis.

Impairment of financial assets is recognised in the profit and loss account in the year in which it occurs.

g) Deferred taxation

If applicable, deferred tax is provided on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

h) Basis of consolidation

The company sold its subsidiary during the previous financial year. The comparative figures presented comprise the group financial statements, incorporating the assets, liabilities and results of Westmount Energy Limited and its subsidiary. The acquisition method of accounting was adopted. Under this method the results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated results from, or up to, the effective date of acquisition or disposal, being the date control passes. The consolidated figures are re-presented as they are not materially different from the single entity assets, liabilities and results.

i) Share options and prior period adjustment

The results for the year ended 30 June 2006 have been restated for the application of Financial Reporting Standard 20: Share-based payment. The cost of the share options are ascribed a fair value and accounted for as an administration cost of the company with an equal Share Option Reserve being created in Shareholders' Funds. The cost of the options issued and vested to 30 June 2006 equates to £143,664 and this has been accounted for as a prior period adjustment (see note 11).

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1. ACCOUNTING POLICIES (continued)

j) Capital redemption reserve and prior period adjustment

The results for the year ended 30 June 2006 have been restated by a prior period adjustment to transfer an amount of £4,650 from Profit and Loss Account Reserves to the Capital Redemption Reserve. This transfer is required by Jersey Company Law when a company purchases its own shares and was omitted from the financial statements for the year ended 30 June 2006 (see note 11).

2. TURNOVER: SEGMENTAL INFORMATION

By class of business

Group and company	Oil & Gas Field Interests £	Investments £	Total £
2007			
Turnover	-	-	-
Net profit before taxation	-	-	-
Segment profit	-	-	-
Common costs			(436,410)
			(436,410)
Interest and similar fees receivable			72,487
			(363,923)
Net assets			
Segment net assets	-	5,418,141	5,418,141
Unallocated net assets			403,092
			5,821,233
As restated 2006			
Turnover	1,118	-	1,118
Net profit before taxation			
Segment profit	1,118	-	1,118
Common costs			(459,686)
			(458,568)
Profit on termination of oil and gas fields interests			1,706,201
Profit on disposal of investments			3,190,096
Interest and similar fees receivable			178,238
			4,615,967
Net assets			
Segment net assets	-	5,382,017	5,382,017
Unallocated net assets			709,623
			6,091,640

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2. TURNOVER: SEGMENTAL INFORMATION (continued)
By geographical area

Group and company	North Sea £	Investments £	Total £
2007			
Turnover	-	-	-
Net profit before taxation	-	-	-
Segment profit	-	-	-
Common costs			(436,410)
			(436,410)
Interest receivable			72,487
			(363,923)
Net assets			
South America		536,124	
South Atlantic		697,017	
American and African regions		3,450,000	
European regions		735,000	
Segment net assets	-	5,418,141	5,418,141
Unallocated net assets			403,092
			5,821,233
As restated 2006			
Turnover	1,118	-	1,118
Net loss before taxation	-	-	-
Segment profit	1,118	-	1,118
Common costs			(459,686)
			(458,568)
Profit on termination of oil and gas fields interests			1,706,201
Profit on disposal of investments			3,190,096
Interest receivable			178,238
			4,615,967
Net assets			
South America		500,000	
South Atlantic		697,017	
American and African regions		3,450,000	
European regions		735,000	
Segment net assets	-	5,382,017	5,382,017
Unallocated net assets			709,623
			6,091,640

3.	NET (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2007	As restated 2006
		£	£
	Group and company		
	Net (loss)/profit on ordinary activities before taxation is stated after charging:		
	Directors' emoluments	221,515	234,430
	Auditors' remuneration	14,000	12,000
	Other auditors' costs - consultancy	2,588	2,618

	Continuing £	Discontinued £	2007 Total £	Continuing £	Discontinued £	2006 Total £
Administrative expenses	436,410	-	436,410	459,518	168	459,686

4. **REMUNERATION OF DIRECTORS**

		2007	As restated 2006
		Salary/ fees £	Salary/ Fees £
	Group and company		
	Highest paid director	49,227	91,733
	Other executive directors	169,494	142,697
	Non-executive director	2,794	-
		221,515	234,430

Directors' remuneration includes the cost of 450,000 (2006: 600,000) share options granted to three (2006: four) directors, at a weighted average fair value of 43.25p, on 22 December 2005. During the current year, the 150,000 options granted to the late D G Williams expired. The fair value of these expired options has been credited to reserves.

During the year, legal and professional fees totalling £2,448 were paid to Ogier, a firm in which M S D Yates is a partner, in respect of services charged on an arms length basis as the company's legal advisors.

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.

5. **TAXATION**

The company has exempt company status for Jersey tax purposes and has paid exempt company tax at the fixed rate of £600 per annum. As no relationship exists between the tax and the level of the company's activities, the tax has been included in administrative expenses.

		2007	As restated 2006
		£	£
	The charge for group taxation comprises:		
	United Kingdom corporation tax		
	Current year at 30% (2006 : 30%)	-	467,274

6. **EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the (loss)/profit for the year after taxation: £(363,923) (2006: £4,148,693). The weighted average number of shares in issue during the year was 7,440,867 (2006: 7,506,060). As explained in note 10 there are share options in issue over the company's ordinary shares. Since the exercise price of these options at 30 June 2007 was above the market price, they are deemed to have no dilution effect on earnings per share and diluted earnings per share are consequently the same as basic earnings per share.

7. INVESTMENTS	2007	As restated
	£	2006 £
Fixed asset investments		
CDS Oil & Gas Group plc ("CDS") 3,762,268 ordinary, fully paid shares at cost (2006: Nil) (a)	536,124	-
Desire Petroleum plc ("Desire") 5,500,000 ordinary, fully paid shares at cost (2006: 5,500,000) (b)	697,017	697,017
Eclipse Energy UK plc (2006: Eclipse Energy Company Limited) ("Eclipse") 244,000 ordinary, fully paid shares at cost (2006: 244,000) (c)	735,000	735,000
Sterling Energy plc ("Sterling") 30,000,000 ordinary, fully paid shares at cost (2006: 30,000,000) (d)	3,450,000	3,450,000
	5,418,141	4,882,017

(a) On 30 June 2007 the group's holding of 3,762,268 ordinary fully paid shares represented 3.70% of the issued share capital of CDS.

(b) On 30 June 2007 the market value of the group's holding of 5,500,000 ordinary fully paid shares, representing 2.47% of the issued share capital of Desire, was £1,663,750 (30.25p per share).

(c) This investment represents 13.62% of the issued share capital of Eclipse. As the investment is currently unquoted, the market value of the group's holding is not readily available. In the directors' opinion the value of the investment is not less than the carrying amount.

(d) On 30 June 2007 the market value of the group's holding of 30,000,000 ordinary fully paid shares representing 1.92% of the issued share capital of Sterling was £4,875,000 (16.25p per share).

8. DEBTORS: amounts	2007	As restated
	£	2006 £
falling due within one year		
Loan receivable	-	500,000
Prepayments and accrued income	5,824	5,549
	5,824	505,549

On 19 January 2006 the company provided a convertible loan of £500,000 to CDS Oil & Gas Group plc ("CDS") to be utilised solely towards the funding of its exploration programme in the Chaco Basin in North West Paraguay, South America. The loan was repaid by paying up and subscribing for on 29 December 2006, 37,622,687 new ordinary shares of 1p each (subsequently consolidated into 10p shares after a 1 for 10 share reorganisation) in CDS worth £536,124, being £500,000 capital and £36,124 accrued interest thereon.

WESTMOUNT ENERGY LIMITED

9.	CREDITORS: amounts falling due within one year	2007 £		As restated 2006 £
	Amounts due to shareholders	112,170		155,761
	Accrued expenses	31,171		20,387
		143,341		176,148
10.	SHARE CAPITAL	2007 £		As restated 2006 £
	Authorised: 10,000,000 shares of 20p each	2,000,000		2,000,000
	Allotted and fully paid:	2007 Shares	2006 Shares	2007 £
	In issue	7,440,000	7,483,430	1,488,000
				1,496,686
				Ordinary shares
	Movement:			£
	Balance at 1 July 2006			1,496,686
	Issue of shares			3,000
	Purchase of own shares			(11,686)
	Balance at 30 June 2007	7,440,000		1,488,000

As at 30 June 2007, options over 600,000 (2006: 750,000) ordinary 20p shares were outstanding. The options were granted on 22 December 2005, with a weighted average vesting date of 17 May 2007, and with an exercise price of 103.50p. The decrease in outstanding share options is due to the expiry of 150,000 options. The options are exercisable at the election of the option holder, over various periods, expiring 31 December 2012. The 600,000 (2006: 750,000) outstanding share options granted on 22 December 2005 have been ascribed a weighted average fair value of 43.25p each and are ascribed an expense for the year ended 30 June 2007 of £142,709 (2006: £143,664).

The fair value of the options was calculated using the Black Scholes valuation model with the following inputs: share price at date of grant 107p, exercise price 103.5p, weighted average volatility rate 41.2872%, dividend yield 0%, weighted average vesting period 1.4 years, weighted average expected term to maturity 4.2112 years, and weighted average risk free rate of interest 4.2227%.

At each date of grant the volatility of the company was estimated as the standard deviations of daily historical continuously compounded returns over a period commensurate with the expected life of the option, back from the date of grant, and annualized by the factor of square root 252, assuming 252 trading days per year. The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. The expected life of the options is estimated as the mid-point between the date of grant and the date of expiry of the option.

WESTMOUNT ENERGY LIMITED

11. SHARE PREMIUM ACCOUNT AND RESERVES	Share Premium Account £	Share Option Account £	Capital Redemption Reserve £	Profit & Loss Account £
Balance at 1 July 2006	668,220	-	150,134	3,776,600
Prior period adjustment (see note 1 (i))	-	143,664	-	(143,664)
Prior period adjustment (see note 1 (j))	-	-	4,650	(4,650)
Restated balance at 1 July 2006	668,220	143,664	154,784	3,628,286
Shares issued	11,249	-	-	-
Cost of share options	-	142,709	-	-
Expired share options	-	(60,960)	-	60,960
Purchase of own shares	-	-	-	(51,756)
Transfer between reserves	-	-	11,686	(11,686)
Loss for the year	-	-	-	(363,923)
Balance at 30 June 2007	679,469	225,413	166,470	3,261,881

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007 £	As restated 2006 £
(Loss)/profit for the year	(363,923)	4,148,693
Issue of shares at a premium	14,249	-
Cost of share options	142,709	143,664
Issue of B shares	-	(7,506,680)
Cost of B share issue and share consolidation	-	(155,895)
Purchase of own shares	(63,442)	(28,232)
Opening shareholders' funds	6,091,640	9,490,090
Closing shareholders' funds	5,821,233	6,091,640

13. POST BALANCE SHEET EVENTS

On 6 September 2007 the company granted 150,000 options over its 20p ordinary shares to Mr A Levison, a director, at an exercise price of 108p. The options expire on 31 December 2012.

On 25 September 2007 the company sold its entire shareholding of 3,762,268 ordinary shares in CDS Oil & Gas Group plc (CDS) at 22p per share. The investment arose from the convertible loan the company provided to CDS on 19 January 2006.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Westmount Energy Limited will be held at Whiteley Chambers, Don Street, St. Helier, Jersey, JE4 9WG Channel Islands on Wednesday, 19 December 2007 at 11.45 am for the purpose of conducting the following business.

Ordinary business of the company:-

1. To receive the company's financial statements for the year ended 30 June 2007 and the reports of the directors and the auditors thereon.
2. To re-appoint Moore Stephens as auditors of the company.
3. To authorise the directors of the company to fix the remuneration of the auditors.
4. To transact any other ordinary business which may properly be transacted at an annual general meeting.

Special business of the company:-

1. To consider and, if thought fit, pass a special resolution in the form attached as **Annexure 1** to this Notice renewing the company's authority to purchase certain consolidated ordinary shares of £0.20 each in the company on the terms set out in Annexure 1.

By order of the Board
Bedell Secretaries Limited
Secretary

Registered office:
26 New Street
St Helier
Jersey JE2 3RA
Channel Islands

20 November 2007

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 Capita Registrars (Jersey) Limited, Victoria Chambers, Liberation Square, 1-3 The Esplanade, St Helier, Jersey JE2 3QA, Channel Islands by 11.45 am on 17 December 2007. 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 consolidated ordinary shares of 20p each in the Company and entered on the register of members of the company as at 11.45am on 17 December 2007 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 11.45 am on 17 December 2007 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (iv) In accordance with paragraph 14.17 of the Listing Rules, an explanation regarding the special business to be conducted at the meeting, and complying with the requirements of paragraph 15.4 of the Listing Rules, is incorporated in the directors' report on the company's financial statements for the year ended 30 June 2007.

ANNEXURE 1 TO NOTICE OF MEETING

Special Resolution authorising the purchase by the company of its own shares

IT IS RESOLVED THAT:

In renewal of the existing authority under Article 57 of the Companies (Jersey) Law 1991, as amended, the company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with such Article 57, to make purchases on a stock exchange of fully paid consolidated ordinary shares of 20p each of the company ("**Ordinary Shares**") provided that:

- (a) the maximum number of Ordinary Shares which are authorised to be purchased shall be such number as represents 10 percent of the aggregate nominal amount of the company's issued consolidated ordinary share capital as at the date of this Special Resolution;
- (b) the minimum price which may be paid for any such Ordinary Share (exclusive of expenses) shall be the nominal amount of the Ordinary Share purchased; and
- (c) the maximum price (exclusive of expenses) which may be paid for any such Ordinary Share is an amount equal to 105 percent of the average of the middle market quotations as derived from the Official List for such Ordinary Shares for the five business days immediately preceding the date of purchase,

such authority to expire on 31 December 2008, unless previously revoked, varied or renewed by the company in general meeting, save that the company may at any time prior to the expiry of such authority enter into a contract or contracts to purchase such Ordinary Shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of such Ordinary Shares in pursuance of any such contract or contracts. Such authority pursuant to this Special Resolution will allow the company to buy back Ordinary Shares only for cancellation.

FORM OF PROXY

for use at the Annual General Meeting convened for
11.45 am on Wednesday, 19 December 2007

I/WEBLOCK
CAPITALS
OF.....PLEASE
being holder(s) of consolidated ordinary shares of 20p each in Westmount Energy Limited hereby appoint
the Chairman of the Meeting (See Note 1)

.....
or failing him.....
of.....as my/our proxy,
to attend, vote and act for me/us on my/our behalf at the annual general meeting of the company to be
held at 11.45 am on Wednesday, 19 December 2007, and at any adjourned meeting, and at any poll
which may take place in consequence thereof. My/our proxy is to vote as indicated below in respect of the
Ordinary Business and the Special Business set out in the Notice of Meeting.

	ORDINARY BUSINESS	FOR	AGAINST
1.	TO RECEIVE THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 AND THE DIRECTORS AND AUDITORS REPORTS THEREON.	<input type="checkbox"/>	<input type="checkbox"/>
2.	TO RE-APPOINT MOORE STEPHENS AS AUDITORS OF THE COMPANY.	<input type="checkbox"/>	<input type="checkbox"/>
3.	TO AUTHORISE THE DIRECTORS OF THE COMPANY TO FIX THE AUDITORS REMUNERATION.	<input type="checkbox"/>	<input type="checkbox"/>
	SPECIAL BUSINESS		
	TO PASS A SPECIAL RESOLUTION TO AUTHORISE THE PURCHASE BY THE COMPANY OF CERTAIN OF ITS FULLY PAID CONSOLIDATED ORDINARY SHARES ON A STOCK EXCHANGE FOR CANCELLATION.	<input type="checkbox"/>	<input type="checkbox"/>

SIGNED..... DATE.....
Signature (See Note 2, 3 and 5)

* Please indicate how you wish your proxy to vote in respect of each item of the Ordinary Business and Special Business by placing an "X" in the boxes desired. Unless otherwise instructed the proxy will vote or abstain as he/she thinks fit. The proxy will act at his/her discretion in relation to any other business arising at the meeting (including any resolution to adjourn the Meeting).

NOTES:

1. If any other proxy be desired, please delete "the Chairman of the Meeting" and insert the name and address (or names and addresses) of person(s) preferred in block capitals in the spaces provided. A proxy need not be a member of the company. The appointment of a proxy does not preclude any member from attending and voting in person at the Meeting.
2. In the case of a corporation, this proxy must be executed in accordance with the constitution of the corporation.
3. In the case of joint holdings the signature of one holder will suffice, but the names of all joint holders should be stated.
4. Any alteration or deletion must be signed or initialled.
5. To be effective this proxy (and the Power of Attorney or other authority, if any, under which it is signed, or a notarially certified copy of such Power of Attorney or other authority) must be deposited with Capita Registrars (Jersey) Limited, Victoria Chambers, Liberation Square, 1-3 The Esplanade, St Helier, Jersey JE2 3QA Channel Islands by 11.45 am on 17 December 2007.

(CUT ALONG DOTTED LINE)

FIRST FOLD

CAPITA REGISTRARS (JERSEY) LIMITED
PO BOX 378
ST HELIER
JERSEY JE4 0FF
CHANNEL ISLANDS

THIRD FOLD AND TUCK IN

AFFIX
POSTAGE
STAMP

SECOND FOLD

