

WESTMOUNT ENERGY LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2008

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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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 flotation 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 2008 was 102p (30 June 2007: 95.0p). The company has a total of 7,015,300 ordinary shares of 20p each (at 30 June 2008) in issue held by approximately 1,300 shareholders. This number of shares is after taking into account 424,700 shares purchased by the company in the market during the year, which have now been cancelled. There are also 850,000 share options outstanding (at 30 June 2008) over various periods, mostly expiring 31 December 2012, consisting of 600,000 20p ordinary shares exercisable at a subscription price of 103.5p per share, 150,000 20p ordinary shares exercisable at a subscription price of 108p per share (lapsed 12 September 2008) and 100,000 20p ordinary shares exercisable at a subscription price of 91p per share. Since the exercise price of these options at 30 June 2008 was above the average market price of ordinary shares during the year, 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) – resigned 11 March 2008 Peter J. Richardson Marc S.D. Yates Paul R. Anderson
Non-Executive Director	Mervyn Bradlow (appointed Non-Executive Chairman 11 March 2008)
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	Ogier Whiteley Chambers Don Street, St Helier Jersey JE4 9WG Channel Islands
Auditors	Moore Stephens First Island House 19 – 21 Peter Street, St Helier Jersey JE4 8SG 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 12 Castle Street St Helier Jersey JE2 3RT Channel Islands

CHAIRMAN'S REVIEW

It is my pleasure to present my first Annual Report on the Company since I was appointed Chairman in March 2008, and to report that considerable progress has been made in realising the value of your Company's investments.

Your Board has maintained its policy of closely monitoring its four investments and this has initially resulted in the sale of our holding in CDS Oil and Gas Plc for £825,194 which resulted in a net profit of £289,072. The timing of this sale was particularly fortuitous in view of market conditions subsequent to the sale.

We raised further cash by disposing of a small percentage of our holding in Desire Petroleum Plc, namely 300,000 shares, at 77.79p and of one million of our holding in Sterling Energy Plc at 13.96p. I will refer later in my review as to our strategy in relation to these two investments.

Your Board continued with its programme to buy back the Company's shares as and when the opportunity arose and when the price represented a significant discount to our net asset value. During the year we purchased a total of 424,700 shares at a total cost of £348,092.

The most significant event has occurred subsequent to the year end when we accepted an offer from a Swedish utility company, Vattenfall AB (publ), to acquire our holding of 244,000 shares in Eclipse Energy Plc at a price of £18.01p per share. The formal offer has been tabled and under the terms of the offer the closing date was 31 October 2008. Subject to the offer becoming unconditional we would anticipate receiving proceeds in the region of £4,394,000. This would represent a profit of £3,659,000 on this investment.

For this we are deeply indebted to the foresight of our late Chairman, Derek Williams who had the courage and foresight to recognise the potential for wind and gas generation in the Irish Sea. At a time when Eclipse was encountering difficulty in raising additional finance, Derek personally guaranteed the company's loan of £500,000 to Eclipse which was subsequently converted into shares at £7.50. In my view this loan was critical to Eclipse's survival at that time.

It is indeed sad that Derek could not have survived to witness the success of this investment.

Following the disposal of these two investments, the company has two remaining investments, namely:

1. Desire Petroleum Plc (Desire)

Desire announced on the 14 August that it had signed an agreement with Arcadia Petroleum Ltd whereby Arcadia will drill two wells in the North Falkland Basin at no cost to Desire. In addition the Falkland Island Government has granted Desire and Arcadia new acreage adjacent to Desire's existing acreage in Tranche 1.

In addition Desire has sufficient resources of its own to drill two additional wells in their licence area.

Following this announcement Desire and Arcadia are actively seeking a rig and there are signs that the rig market is softening and they are hopeful that subject to engaging a rig, drilling could commence in the first quarter 2009. Desire have confirmed that the drilling opportunity is economically compelling even in the current oil price environment.

2. Sterling Energy Plc (Sterling)

Sterling's performance has been very disappointing and the share price has collapsed from 14p to around 3p as worries persisted about the company's financial position. It has recently raised £13 million by way of a placing at 2p and in addition has entered into a contractual agreement to sell its North American assets. The sale of these, if completed, and the recent Farm In to their Kurdistan acreage should ensure that the company's outlook in 2009 will improve. We participated in the recent placing by buying 2,500,000 shares at 2p at a cost of £50,000.

Your Board has been successful in reducing the corporate costs and will continue to maintain a firm control on expenditure. As a result of the sale of our investment in CDS we are able to report a net profit after tax of £206,410 (2007 loss £363,923) for the year.

Future Policy

It is the Board's intention to realise value from its investments and to return surplus cash to shareholders. We would hope to receive the proceeds from the sale of our Eclipse shares towards the end of the calendar year and we will then review what action we propose with regard to returning surplus funds to our shareholders.

Finally at the time of writing this review the net asset value of our shares (taking into account the proceeds of Eclipse sale) is 110p per share.

MERVYN BRADLOW

Chairman

3 November 2008

**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 for the year ended 30 June 2008.
2. The result for the year is set out on page 10 in the 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:

A Levison (Chairman) (resigned 11 March 2008)
P J Richardson
M S D Yates
P R Anderson
M Bradlow (Non-Executive director, appointed Non-Executive Chairman 11 March 2008)

Biographical Information

Peter J Richardson, age 52, a Jersey resident, is an associate of the Chartered Institute of Bankers and a diploma qualified Fellow 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 48, 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 34, a Jersey resident, and a director of the company since 22 December 2005, is a Fellow 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 Chairman, age 77, 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.

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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 company purchased, for cancellation, 424,700 ordinary shares of 20p during the year for a total consideration of £348,092. The shares represent 5.7% of the opening called up share capital as at 1 July 2007.
8. At 3 November 2008 notification had been received of the following holdings of more than 3% of the issued capital of the company:

	<u>Number</u>	<u>%</u>
Personal representatives of the late D G Williams and related parties	1,005,939	14.41
Amodeo Investments Limited	864,000	12.38
Hargreave Hale Limited	1,262,000	18.08

The company held no beneficial interest in shares of the company through related parties.

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 company's current interest held through Desire Petroleum plc and any future interests in the Falkland Islands.

In order to secure loan finance in July 2002 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.

The directors, from time to time, are entitled to an aggregate bonus calculated at 5% of the gross profit realised from any potential sale of shares in Sterling Energy plc, received following the disposal of the company's investments in Fusion Oil & Gas plc and Fusion Oil & Gas NL.

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 16.
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 Annual 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 (UK GAAP) and applicable law. The financial statements are required to give a true and fair view of the state of the affairs of the company as at the end of the financial period and of the profit and loss of the company 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, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and that enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991;
- safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- the maintenance and integrity of the corporate and financial information included on the company's website.

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 company 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. 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 director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are 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 auditors are aware of that information.
15. 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.
16. **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

3 November 2008

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

We have audited the financial statements of Westmount Energy Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with 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 auditors' 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 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 whether, in our opinion, the Directors' Report is not consistent with the financial statements, whether the company has not kept proper accounting records, or whether 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 the company's affairs as at 30 June 2008 and of its profit 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 8SG

Dated: 3 November 2008

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008**

(Expressed in United Kingdom Sterling)

	Note	2008	2007
		£	£
Administrative expenses		<u>(346,267)</u>	<u>(436,410)</u>
Operating (loss)		(346,267)	(436,410)
Profit on disposal of investments	7	507,325	-
Interest receivable		<u>45,352</u>	<u>72,487</u>
		552,677	<u>72,487</u>
Profit/(loss) on ordinary activities before taxation	3	206,410	(363,923)
Taxation	5	-	-
Profit/(loss) for the financial year		<u>206,410</u>	<u>(363,923)</u>
Earnings per share	6	<u>2.85p</u>	<u>(4.89)p</u>

There were no acquisitions or discontinued operations during the current or preceding year.

The company had no recognised gains or losses other than those disclosed in the profit and loss account.

WESTMOUNT ENERGY LIMITED

BALANCE SHEET AT 30 JUNE 2008

(Expressed in United Kingdom Sterling)

	Note	2008	2007
		£	£
FIXED ASSETS			
Investments	7	4,728,998	5,418,141
CURRENT ASSETS			
Prepayments and accrued income		7,689	5,824
Cash at bank		1,118,597	540,609
		1,126,286	546,433
CREDITORS: amounts falling due within one year	8	(131,730)	(143,341)
NET CURRENT ASSETS		994,556	403,092
TOTAL ASSETS LESS CURRENT LIABILITIES		5,723,554	5,821,233
SHARE CAPITAL AND RESERVES			
Share capital	9	1,403,060	1,488,000
Share premium account	10	416,317	679,469
Capital redemption reserve	10	251,410	166,470
Share option account	10	269,416	225,413
Profit and loss account	10	3,383,351	3,261,881
SHAREHOLDERS' FUNDS	11	5,723,554	5,821,233

These financial statements were approved and authorised for issue by the board of directors on 3 November 2008 and were signed on its behalf by:

P J RICHARDSON

Director

WESTMOUNT ENERGY LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008****(Expressed in United Kingdom Sterling)**

	Note	2008 £	2007 £
Net cash (outflow) from operating activities	A	(315,740)	(326,654)
Returns on investments and servicing of finance	B	45,352	36,234
Capital expenditure and financial investment	C	1,196,468	-
Cash inflow/(outflow) before financing		926,080	(290,420)
Financing	D	(348,092)	(49,193)
Increase/(decrease) in cash		577,988	(339,613)
Reconciliation of cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash		577,988	(339,613)
Change in net funds/(debt) resulting from cash flows		577,988	(339,613)
Conversion of loan to equity investment		-	(500,000)
Movement in net funds in the year		577,988	(839,613)
Net funds brought forward		540,609	1,380,222
Net funds carried forward	E	1,118,597	540,609
Represented by:			
Cash at bank		1,118,597	540,609
Net funds carried forward		1,118,597	540,609

The notes on pages 14 to 18 form part of these financial statements
Independent Auditors' Report page 9

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

A. RECONCILIATION OF NET OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES	2008		2007
	£		£
Operating loss	(346,267)		(436,410)
Cost attributable to issue of share options	44,003		142,709
(Increase) in prepayments and accrued income	(1,865)		(146)
(Decrease) in creditors and accrued expenses	(11,611)		(32,807)
Net cash outflow from operating activities	(315,740)		(326,654)
B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2008		2007
	£		£
Interest received	45,352		36,234
Net cash inflow from returns on investments and servicing of finance	45,352		36,234
C. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2008		2007
	£		£
Sale of fixed asset investments	1,196,468		-
Net cash inflow from capital expenditure and financial investment	1,196,468		-
D. FINANCING	2008		2007
	£		£
Purchase of own shares	(348,092)		(63,442)
Issue of shares	-		14,249
Net cash outflow from financing	(348,092)		(49,193)
E. ANALYSIS OF NET FUNDS	30 June		1 July
	2008	Cash flow	2007
	£	£	£
Net funds			
Cash at bank	<u>1,118,597</u>	<u>577,988</u>	<u>540,609</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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) 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.

c) 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.

d) 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.

e) Share options

Awards of share options are recorded under Financial Reporting Standard 20: Share-based Payment. The cost of the share options are ascribed a fair value at grant date and accounted for as an administration cost of the company with an equal Share Option Reserve being created in Shareholders' Funds. The cost is recognised in the profit and loss account over the vesting period of the award.

f) Capital redemption

Nominal amount of the company's share that have been purchased for cancellation is transferred from Profit and Loss Account Reserves to the Capital Redemption Reserves as required by Jersey Company Law.

**2. TOTAL ASSETS LESS CURRENT LIABILITIES:
SEGMENTAL INFORMATION
By geographical area**

	2008	2007
	£	£
Total assets less current liabilities		
South America	-	536,124
South Atlantic	658,998	697,017
North American and African regions	3,335,000	3,450,000
European regions	735,000	735,000
Segment net assets	4,728,998	5,418,141
Unallocated net assets	994,556	403,092
	5,723,554	5,821,233

Segmental information is reported under Statement of Accounting Practice 25: Segmental reporting. Since there is only one class of business, reporting is provided by geographical area only.

3. NET PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008	2007
	£	£
Net profit/(loss) on ordinary activities before taxation is stated after charging:		
Directors' emoluments	148,883	221,515
Compensation for loss of office	24,486	-
Auditors' remuneration	16,000	14,000
Other auditors' costs - consultancy	-	2,588

4. REMUNERATION OF DIRECTORS

	2008	2007
	Salary/ fees £	Salary/ Fees £
Highest paid director	82,821	49,227
Other executive directors	55,000	169,494
Non-executive director	35,548	2,794
	173,369	221,515

Directors' remuneration includes the cost of 250,000 (2007: 450,000) share options granted to two directors (2007: three) at a weighted average fair value of 16.47p (2007: 43.25p), on 6 September 2007 (150,000) and 19 December 2007 (100,000).

During the year, legal and professional fees totalling £1,641 (2007: £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. Company secretary fees of £37,598 (2007: £16,538) were paid to Bedell Secretaries Limited, a firm in which Mr Anderson is a senior manager. There were no amounts due to or from related parties at the balance sheet date.

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 was a listed exempt company under the Income Tax (Jersey) Law 1961, as amended, and is therefore not liable in the Island for income tax, on payment of an annual fee of currently £600. With effect from 1 January 2009 the status of exempt company will cease to exist and the company becomes subject to Jersey Income Tax. The rate for the foreseeable future is zero percent.

During the second quarter of 2008 the company registered as an International Services Entity under the Goods and Services Tax (Jersey) Law 2007 and a fee of £100 has been paid. As no relationship exists between the tax and the level of the company's activities, the tax has been included in the administrative expenses.

6. **EARNINGS PER SHARE**

The calculation of basic earnings per ordinary share is based on the profit for the year after taxation of £206,410 (2007: Loss £363,923). The weighted average number of shares in issue during the year was 7,246,858 (2007: 7,440,867). As explained in note 9, there are share options in issue over the company's ordinary shares. Since the exercise price of these options at 30 June 2008 was above the average market price of the ordinary shares during the year, 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	2008	2007
	£	£
Fixed asset investments		
CDS Oil & Gas Group plc ("CDS") Nil ordinary, fully paid shares at cost (2007: 3,762,268) (a)	-	536,124
Desire Petroleum plc ("Desire") 5,200,000 ordinary, fully paid shares at cost (2007: 5,500,000) (b)	658,998	697,017
Eclipse Energy UK plc ("Eclipse") 244,000 ordinary, fully paid shares at cost (2007: 244,000) (c)	735,000	735,000
Sterling Energy plc ("Sterling") 29,000,000 ordinary, fully paid shares at cost (2007: 30,000,000) (d)	3,335,000	3,450,000
	<u>4,728,998</u>	<u>5,418,141</u>

(a) During the year, the company disposed of its holding of 3,762,268 ordinary shares in CDS, realising a profit of £289,072 (after expenses).

(b) On 30 June 2008 the market value of the company's holding of 5,200,000 ordinary fully paid shares in Desire, representing 2.28% of the issued share capital of the company, was £4,771,000 (91.75p per share, 2007: 30.25p per share). During the year, the company disposed of 300,000 ordinary shares in Desire, realising a profit of £194,384 (after expenses).

(c) This investment represents 13.42% 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 2008 the market value of the group's holding of 29,000,000 ordinary fully paid shares representing 1.76% of the issued share capital of Sterling was £3,262,500 (11.25p per share, 2007 16.25p per share). In the opinion of the directors this represents a temporary diminution in value. During the year, the company disposed of 1,000,000 ordinary shares in Sterling, realising a profit of £23,869 (after expenses).

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8.	CREDITORS: amounts falling due within one year			2008 £	2007 £
	Amounts due to shareholders			93,892	112,170
	Accrued expenses			<u>37,838</u>	<u>31,171</u>
				<u>131,730</u>	<u>143,341</u>
9.	SHARE CAPITAL			2008 £	2007 £
	Authorised: 10,000,000 shares of 20p each			<u>2,000,000</u>	<u>2,000,000</u>
	Allotted, called up and fully-paid:	2008 No.	2007 No.	2008 £	2007 £
	In issue	<u>7,015,300</u>	<u>7,440,000</u>	<u>1,403,060</u>	<u>1,488,000</u>
	Movement:			Ordinary shares No.	Ordinary shares £
	Balance at 1 July 2007			<u>7,440,000</u>	1,488,000
	Purchase of own shares			<u>(424,700)</u>	(84,940)
	Balance at 30 June 2008			<u>7,015,300</u>	<u>1,403,060</u>

As at 30 June 2008, options were outstanding over 850,000 (2007: 600,000) ordinary 20p shares, with a weighted average exercise price of 102.8p (2007: 103.5p). During the year, 250,000 options were granted, 150,000 on 6 September 2007, with an exercise price of 108p and 100,000 options on 19 December 2007 with an exercise price of 91p. The options are exercisable at the election of the option holder, over various periods expiring 31 December 2012. As at 30 June 2008, 510,000 (2007: 480,000) of the options were exercisable at a weighted average exercise price of 103.5p (2007: 103.5p). The weighted average vesting date of all options issued, currently not vested, is 10 February 2009. The share options are ascribed a total expense for the year ended 30 June 2008 of £44,003 (2007: £142,709).

The 250,000 (2007: 600,000) share options granted during the year have been ascribed a weighted average fair value of 16.47p (2007: 43.25p) each. The fair values of the options were calculated using the Black Scholes valuation model with the following inputs for 6 September 2007 and 19 December respectively: share prices at date of grant 78.5p and 82.5p; exercise prices 108p and 91p; expected volatilities of 33.9212% and 33.2199%; dividend yields 0%; vesting periods 1.02 and 1.00 years; expected terms to maturity 3.17 and 3.02 years; and risk free rates of interest 5.2165% and 4.542%.

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 annualised 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

10. SHARE PREMIUM ACCOUNT AND RESERVES	Share Premium Account £	Capital Redemption Reserve £	Share Option Account £	Profit & Loss Account £
1 July 2007	679,469	166,470	225,413	3,261,881
Cost of share options	-	-	44,003	-
Purchase of own shares	(263,152)	-	-	-
Transfer between reserves	-	84,940	-	(84,940)
Profit for the year	-	-	-	206,410
Balance at 30 June 2008	<u>416,317</u>	<u>251,410</u>	<u>269,416</u>	<u>3,383,351</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008 £	2007 £
Profit/(loss) for the year	206,410	(363,923)
Issue of shares at a premium	-	14,249
Cost of share options	44,003	142,709
Purchase of own shares	(348,092)	(63,442)
Opening shareholders' funds	<u>5,821,233</u>	<u>6,091,640</u>
Closing shareholders' funds	<u>5,723,554</u>	<u>5,821,233</u>

12. CONTROLLING PARTY

In the opinion of the directors the company does not have a controlling party.

13. POST BALANCE SHEET EVENTS

On 11 July 2008 the company purchased for cancellation 35,000 of its ordinary shares of 20p each at a price of 90p per share.

On 12 September 2008 the 150,000 options over its ordinary shares of 20p each granted to Mr A. Levison by the company on 6 September 2007 lapsed.

On 17 September 2008 the company announced that it had agreed to sell its entire stake of 244,000 ordinary shares in Eclipse Energy UK plc to Vattenfall AB (publ) at a price of £18.01 per share. The formal offer has been tabled and under the terms of the offer the closing date was 31 October 2008. Subject to the offer becoming unconditional it is anticipated that proceeds in the region of £4,394,000 will be received. This would represent a profit of £3,659,000 on this investment.

Subsequent to the year end, the share price of the investment in Sterling Energy Plc has collapsed to around 3 pence per share (compared to a carrying cost value of 11.5 pence per share). This would value the holding at approximately £870,000 compared with a carrying value of £3,335,000. In the opinion of the directors, this diminution in value is only temporary and the actions taken by Sterling (as described in the Chairman's Report) will ensure that the carrying value of the investment is maintained. The directors will monitor the performance of this investment and revisit the question of its valuation at the next balance sheet date.

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 Monday, 1 December 2008 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 2008 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

3 November 2008

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, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands by 11.45 am on 1 December 2008. 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 1 December 2008 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 1 December 2008 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 2008.

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 2009, 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 Monday, 1 December 2008

I/WEBLOCK
CAPITALS
OFPLEASE
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 Monday, 1 December 2008, 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 2008 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, 12 Castle Street, St Helier, Jersey JE2 3RT Channel Islands by 11.45 am on 1 December 2008.

(CUT ALONG DOTTED LINE)

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AFFIX
POSTAGE
STAMP

CAPITA REGISTRARS (JERSEY) LIMITED
PO BOX 532
ST HELIER
JERSEY JE4 5UW
CHANNEL ISLANDS

SECOND FOLD

FIRST FOLD

