WESTMOUNT ENERGY LIMITED

ANNUAL REPORT

AND

AUDITED FINANCIAL STATEMENTS

30 JUNE 2012

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS

COMPANY INFORMATION

Chairman	Mervyn Bradlow (Non-executive)
Directors	P J Richardson D R King G Walsh T P O'Gorman
Secretary and Registered Office	Dominion Corporate Services Limited 47 Esplanade St Helier Jersey JE1 0BD Channel Islands
Nominated Adviser and Nominated Broker	Cenkos Securities Plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal Advisers	Ogier Ogier House 44 The Esplanade, 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 JE4 8PJ Channel Islands
Registrar	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT Channel Islands

CHAIRMAN'S REVIEW

As I wrote in my review in August 2011 your board had been investigating various alternatives that would create an opportunity for your Company to expand its interests in the energy field and with this in mind in November 2011 we appointed Gerry Walsh and Tom O'Gorman to the board. They both have had considerable experience in identifying and facilitating the development of energy assets, with substantial benefit to shareholders. In addition they each subscribed for 1.1 Million shares at 20p each in our Company, and thus have substantial holdings.

Interest rates continue to be very low so the return on our cash remains minimal. During the year we made a number of changes to our existing portfolio of holdings. We have reduced our holdings in Desire Petroleum plc and Sterling Energy Plc whose share price performances have been disappointing and added two small holdings in the exploration field, being Falkland Oil & Gas Limited and Pancontinental Oil & Gas NL both of which have drilled one well this year, and have additional wells being drilled now and in 2013 respectively.

You will notice that there has been a considerable increase in the administrative expenses for the year. This is entirely due to accounting for the options granted in November 2011 and is a non-cash item but a requirement under the IFRS rules of accounting for options. The actual cash expenditure for the year is marginally less than the previous year and we continue to control the expenditure of maintaining your Company

The board under the guidance of our two new Directors, are actively seeking new significant investment opportunities and we will advise the shareholders on any developments as and when they arise.

Mervyn Bradlow

MERVYN BRADLOW
Chairman
16 November 2012

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

The Directors present their annual report and the audited financial statements of Westmount Energy Limited (the "Company") for the year ended 30 June 2012.

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 listed in the Alternative Investment Market ("AIM") of the London Stock Exchange with registered number 53623.

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.

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

P J Richardson	
D R King	(appointed 30 December 2011)
T P O'Gorman	(appointed 29 November 2011)
G Walsh	(appointed 29 November 2011)
M Bradlow	(Non-Executive Chairman)

P R Anderson was appointed on 22 December 2005 and resigned on 30 December 2011.

The Directors, from time to time, are entitled to an aggregate bonus calculated at 5% of the gross profit realised from any sale of shares in Sterling Energy plc.

RESULTS AND DIVIDENDS
The result for the year is set out on page 8 in the Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend in respect of these financial statements (2011: £Nil). Further details on the Company's activities during the year have been set out in the Chairman's Review on page 3.

AUDITORS
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 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.

The auditors, Moore Stephens, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the next general meeting.

POLICY AND PRACTICE OF PAYMENT OF CREDITORS
The Company does not follow any specified code or standard on payment practice. However, it is the Company's policy to settle all debts owing on a timely basis, taking in to account the credit period given by each supplier. The Company has few trade creditors and the majority of year end creditors were due to professional advisers. For this reason, the Directors consider that the publication of the number of creditor days would not provide meaningful information.

DIRECTORS' REPORT *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

DIRECTORS' BIOGRAPHICAL INFORMATION
Peter J Richardson, age 56, 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 special purpose vehicle administration companies. He was formerly Corporate Trust Manager of The Royal Bank of Scotland Trust Company (Jersey) Limited and for twenty years prior to this held senior positions with four major international banking groups.

He also holds a number of public company directorships.

Mervyn J Bradlow, Non Executive Chairman, age 81, a United Kingdom resident, 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.

David R King, age 54, 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.

Gerard Walsh, age 49, Swiss resident, is a member of the Chartered Institute of Management Accountants and has been involved in financing oil & gas companies for over 20 years.

Thomas P O'Gorman, age 60, a Northern Ireland resident, is a long term investor in the resource sector and is former chairman of Cove Energy Plc (formerly Lapp Platts Plc).

SECRETARY
The Secretary of the Company at 30 June 2012 and up to the date of signing this report was Dominion Corporate Services Limited. Bedell Secretaries Limited were appointed as Company Secretary on 26 September 2003 and resigned on 30 December 2011.

SIGNIFICANT SHAREHOLDINGS
At 30 June 2012 notification had been received of the following holdings of more than 3% of the issued capital of the Company:

	Number	%
G Walsh	1,100,000	11.30
T P O'Gorman	1,100,000	11.30
Personal Representatives of the late D.G Williams and related parties	1,005,939	10.34
Hargreave Hale Limited	861,617	8.85
Gryphon Trading S.A.	818,900	8.42
Marlborough UK Micro-Cap Growth Fund	598,500	6.15

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

ANNUAL GENERAL MEETING NOTICE – SPECIAL BUSINESS
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.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER
With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company whose names appear on page 4 confirm to the best of their knowledge that the audited financial statements for the year ended 30 June 2012 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a true and fair review of the development of the Company's business, financial position and the important events that have occurred during the financial year and their impact on the financial statements. The principal risks and uncertainties faced by the Company are disclosed in Note 11 of these financial statements.

DIRECTORS' REPORT *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

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
For and on behalf of
Dominion Corporate Services Limited

D R KING
Company Secretary

16 November 2012

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

We have audited the financial statements of Westmount Energy Limited for the year ended 30 June 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes 1 to 16. 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.

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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of its comprehensive loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of Companies (Jersey) Law 1991.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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:

- proper accounting records have not been kept, or returns adequate for our audit have not been received 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.

Phillip Callow
For and on behalf of Moore Stephens
Chartered Accountants
First Island House
19-21 Peter Street, St Helier
Jersey JE4 8SG
Channel Islands
Dated: 16 November 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	30 June 2012 £	(Restated) 30 June 2011 £
Realised (loss)/gain on disposal of investments		(1,371,884)	1,499,314
Unrealised gain/(loss) on financial assets at fair value through profit or loss		1,513,407	(4,488,522)
Administrative expenses		(480,914)	(277,528)
Operating loss		(339,391)	(3,266,736)
Interest receivable		205	4,429
Loss before tax		(339,186)	(3,262,307)
Taxation	3	-	-
Comprehensive loss for the year		(339,186)	(3,262,307)
Basic loss per share (pence)	4	(3.85)	(45.27)
Diluted loss per share (pence)	4	-	-

All results are derived from continuing operations.

The Company has no items of other comprehensive income.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	As at 30 June 2012 £	(Restated) As at 30 June 2011 £
ASSETS			
Non Current Assets			
Financial assets at fair value through profit or loss	5	1,464,718	1,298,215
Current Assets			
Trade and other receivables	6	7,430	7,228
Cash and cash equivalents	7	251,471	291,519
		258,901	298,747
Total assets		1,723,619	1,596,962
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	98,067	278,302
EQUITY			
Share capital	9	1,946,060	1,506,060
Share premium account	10	480,295	451,341
Share option account	10	305,235	128,111
Retained Earnings		(1,106,038)	(766,852)
Total equity		1,625,552	1,318,660
Total liabilities and equity		1,723,619	1,596,962

These financial statements were approved and authorised for issue by the Board of Directors on 16 November 2012 and were signed on its behalf by:

P J RICHARDSON

Director

The notes on pages 12 to 22 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Share capital Account £	*Share Premium Account* £	*Share Option Account* £	*Retained Earnings* £	*Total Equity* £
As at 1 July 2010 (as previously reported)	1,396,060	261,682	277,210	5,862,505	7,797,457
Effect of change in accounting for adjustments (Note 16)	-	-	53,718	(53,718)	-
As at 1 July 2010 (as Restated)	1,396,060	261,682	330,928	5,808,787	7,797,457
Comprehensive Income					
Loss for the year ended 30 June 2011	-	-	-	(3,262,307)	(3,262,307)
Transaction with owners					
Issue of ordinary shares through exercise of share option	110,000	-	-	-	110,000
Premium on ordinary shares issued through exercise of share option	-	292,067	(202,817)	-	89,250
Issue of B shares	75,303	(75,303)	-	-	-
Redemption of B shares	(75,303)	-	-	(3,313,332)	(3,388,635)
Redemption costs	-	(27,105)	-	-	(27,105)
	110,000	189,659	(202,817)	(3,313,332)	(3,216,490)
At 30 June 2011 (as Restated)	1,506,060	451,341	128,111	(766,852)	1,318,660
Comprehensive Income					
Loss for the year ended 30 June 2012	-	-	-	(339,186)	(339,186)
Transaction with owners					
Issue of ordinary shares	440,000	-	-	-	440,000
Expired redemption of B shares not taken up	-	28,954	-	-	28,954
Cost of share options	-	-	177,124	-	177,124
	440,000	28,954	177,124	-	646,078
At 30 June 2012	1,946,060	480,295	305,235	(1,106,038)	1,625,552

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 June 2012 £	Restated 30 June 2011 £
Cash Flows from operating activities			
Total comprehensive loss for the year		(339,186)	(3,262,307)
Adjustment for interest income		(205)	(4,429)
Adjustment for net unrealised (gain)/loss on investments at fair value through profit or loss		(1,513,407)	4,488,522
Adjustment for costs attributable to share options		177,124	-
Adjustment for realised losses/(gains) on investments at fair value through profit or loss		1,371,884	(1,499,314)
(Increase) in prepayments and accrued income		(202)	(213)
(Decrease)/increase in creditors and accrued expenses		(180,235)	67,795
Net cash outflows from operating activities		(484,227)	(209,946)
Cash Flows from investment activities			
Purchase of investments		(623,973)	(1,024,786)
Sale of investments		598,993	2,222,713
Interest received		205	4,429
Net cash (used) / generated from investing activities		(24,775)	1,202,356
Cash flows from financing activities			
Ordinary shares issued		440,000	199,250
Redemption of B class shares		-	(3,415,740)
Expired redemption of B shares not taken up		28,954	-
Net cash generated / (used) in financing activities		468,954	(3,216,490)
Net decrease in cash and cash equivalents		(40,048)	(2,224,080)
Cash and cash equivalents at beginning of year		291,519	2,515,599
Cash and cash equivalents at end of year	7	251,471	291,519

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 are 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").

The financial statements for the year ended 30 June 2012 (including comparatives) were approved by the Board of Directors on 16 November 2012.

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 early adopted by the Company
At the date of the authorisation of these financial statements, the following new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. The standards below are not expected to affect the financial position of the Company, however they will require additional disclosure in the future financial statements.

- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to revise the way other comprehensive income is presented, effective for annual periods beginning on or after 1 July 2012
- IFRS 9 (revised April 2009) Financial Instruments – Classification and Measurement, effective for annual periods beginning on or after 1 January 2015
- IFRS 10 Consolidated Financial Statements, effective for annual period beginning on or after 1 January 2013
- IFRS 12 Disclosure of interests in other entities, effective for annual period beginning on or after 1 January 2013
- IFRS 13 Fair Value Measurement, effective for annual period beginning on or after 1 January 2013.

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 10. These estimates are based on the management's best knowledge of the events which existed at the date of issue and the balance sheet date however, the actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

2. **ACCOUNTING POLICIES (*Continued*)**

Foreign currency

a) Functional and presentational currency

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

b) Transactions and balances

Foreign currency monetary assets and liabilities balances are translated into Sterling at the rate of exchange ruling on the last day of the Company's financial year. 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 financial assets in the following categories:

- at fair value through profit or loss; and
- loans and receivables

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

The Company designates its financial assets as at fair value through profit or loss (FVTPL) as the financial assets are managed on 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.

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 investments 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.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and are stated at cost, which is equivalent to their fair value. The Company's loans and receivables comprise 'trade and other receivables'.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their cost, which is equivalent to fair value.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

2. ACCOUNTING POLICIES (*Continued*)

Equity, reserves and dividend payments
Ordinary shares are classified as equity. Share premium includes any premiums received on issue of share capital. Transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings include all current and prior period retained profits.

Revenue Recognition
Revenue comprises interest income from short term deposits and is recognised on an accruals basis.

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

Share options
Awards of share options are recorded under IFRS 2: 'Share-based Payment'. The cost of the share options are ascribed a fair value at grant date and accounted for as an administration expense of the Company with an equal Share Option Reserve being created in the statement of changes in equity. The cost is recognised in the statement of comprehensive income over the vesting period of the award.

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. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the comprehensive loss for the year of £339,186 (2011: £3,262,307). The weighted average number of shares in issue during the year was 8,808,108 (2011: 7,206,327). As explained in note 10 there are share options in issue over the Company's ordinary shares. The options would decrease the basic loss per share and as a result no dilution effect on the earnings per share.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	£	£
Desire Petroleum plc ("Desire")	435,000	423,115
Sterling Energy plc ("Sterling")	175,000	592,500
Argos Resources plc ("Argos")	153,800	282,600
Falkland Oil & Gas plc ("Falkland")	348,000	-
Pancontinental Oil & Gas NL ("Pancontinental")	352,918	-
Total investments	1,464,718	1,298,215

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2012

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (*Continued*)

Investments at fair value through profit or loss at 30 June 2012

	Cost	Unrealised gain / (loss)	Fair value
	£	£	£
Desire Petroleum plc ("Desire")	874,643	(439,643)	435,000
Sterling Energy plc ("Sterling")	863,064	(688,064)	175,000
Argos Resources plc ("Argos")	310,775	(156,975)	153,800
Falkland Oil & Gas plc ("Falkland")	182,772	165,228	348,000
Pancontinental Oil & Gas NL ("Pancontinental")	393,246	(40,328)	352,918
	2,624,500	(1,159,782)	1,464,718

Investments at fair value through profit or loss at 30 June 2011

	Cost	Unrealised gain/(loss)	Fair value
	£	£	£
Desire Petroleum plc ("Desire")	1,071,438	(648,323)	423,115
Sterling Energy plc ("Sterling")	2,589,191	(1,996,691)	592,500
Argos Resources plc ("Argos")	310,775	(28,175)	282,600
	3,971,404	(2,673,189)	1,298,215

On 30 June 2012 the market value of the Company's holding of 2,000,000 (2011: 2,450,000) ordinary fully paid shares in Desire, representing 0.58% (2011: 0.72%) of the issued share capital of the company was £435,000 (2011: £423,115) (21.75p per share (2011: 17.27p per share)). During the year, the Company disposed of 450,000 (2011: 1,668,450) ordinary shares in Desire, realising a loss of £100,303 (2011: profit £1,668,450) (after expenses) which is included in the Statement of Comprehensive Income.

On 30 June 2012 the market value of the Company's holding of 500,000 (2011: 1,500,000) ordinary fully paid shares in Sterling representing 0.23% (2011: 0.68%) of the issued share capital was £175,000 (2011: £592,500) (35.00p per share, (2011: 39.50p per share)). During the year, the Company disposed of 1,000,000 (2011: nil) ordinary shares in Sterling, realising a loss of £1,326,225 (2011: £nil) (after expenses) which is included in the Statement of Comprehensive Income

On 30 June 2012 the market value of the Company's holding of 1,000,000 (2011: 1,000,000) ordinary fully paid shares in Argos, representing 0.46% (2011: 0.46%) of the issued share capital of the company was £153,800 (2011: £282,600) (15.38p per share, (2011: 28.26p per share)).

On 30 June 2012 the market value of the Company's holding of 400,000 (2011: nil) ordinary fully paid shares in Falkland representing 0.13% (2011: nil) of the issued share capital was £348,000 (2011: £nil) (87.00p per share, (2011: nil)). During the year, the Company disposed of 105,000 (2011: nil) ordinary shares in Falkland, realising a profit of £54,644 (2011: £nil) (after expenses) which is included in the Statement of Comprehensive Income.

On 30 June 2012 the market value of the Company's holding of 3,000,000 (2011: nil) ordinary fully paid shares in Pancontinental, representing 0.27% (2011: nil) of the issued share capital of the company was £352,918 (2011: £nil) (11.76p per share, (2011: nil per share)).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

6. TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Prepayments	7,430	7,228

The carrying value of trade and other receivables is considered to be a reasonable approximation of its fair value.

7. CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Cash at bank	251,471	291,519

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

8. TRADE AND OTHER PAYABLES

	2012 £	2011 £
Amounts due to shareholders from returns of capital	66,319	149,827
Accrued expenses	31,748	128,475
	98,067	278,302

The carrying value of trade and other payables is considered to be a reasonable approximation of their fair value.

9. SHARE CAPITAL

	2012 £	2011 £
Authorised:		
200,000,000 (2011: 10,000,000) ordinary shares of 20p each	40,000,000	2,000,000
200,000,000 (2011: 15,100,000) redeemable "B" shares of 1p each	2,000,000	151,000

Allotted, called up, fully-paid:	2012 No. '000	2011 No. '000	2012 £	2011 £
In issue:				
Ordinary shares	9,730.3	7,530.3	1,946,060	1,506,060
"B" Class shares	-	-	-	-

Movement	Ordinary shares No.	Ordinary shares £
Balance at 30 June 2011	7,530,300	1,506,060
Ordinary shares issued	2,200,000	440,000
Balance at 30 June 2012	9,730,300	1,946,060

On 20 February 2012 the Company increased the authorised share capital from £2,151,000 divided into 10,000,000 ordinary shares of 20p each and 15,100,000 redeemable "B" shares of 1p each to £42,000,000 divided into 200,000,000 ordinary shares of 20p each and 200,000,000 redeemable "B" shares of 1p each.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

9. **SHARE CAPITAL (continued)**

On 29 November 2011, 2,200,000 ordinary shares were issued to G Walsh and T P O'Gorman, both Directors for the Company, at a price of 20 pence per share.

On 31 January 2011, 550,000 ordinary shares were issued as a result of the exercise of options arising from the share options granted to the Directors on 19 December 2007 and 22 December 2005. The Directors exercised their share options with an exercise price of 38.5p for 450,000 shares and 26p for 100,000 shares. Following the exercise of share options, ordinary shares on issue totalled 7,530,300.

On 1 February 2011 following sales of the Company's shares in Desire Petroleum plc, together with the proceeds from the exercise of the share options, the Company issued 7,530,300 fully paid redeemable "B" shares of 1p to each existing ordinary shareholder on the Company's register at 31 January 2011, with each share ranking parri passu with existing shareholdings to enable the return of capital to shareholders of the Company equivalent to 45p per ordinary share (£3,388,635 in aggregate). These "B" shares were redeemed on 2 February 2011.

10. **SHARE PREMIUM AND SHARE OPTIONS**

	Share Premium Account £	Share option Account £
1 July 2010 (as Restated)	261,682	330,928
Premium on ordinary shares issued through exercise of share options	292,067	(202,817)
B Class shares issued	(75,303)	-
Redemption costs	(27,105)	-
At 30 June 2011 (as Restated)	451,341	128,111
Cost of share options	-	177,124
Expired redemption of B shares not taken up	28,954	-
At 30 June 2012	480,295	305,235

As at 30 June 2012, options were outstanding over 1,750,000 (2011: 250,000) ordinary 20p shares, with a weighted average exercise price of 20p (2011:17p). The options are exercisable at the election of the option holder, expiring 31 December 2016. The share options are ascribed a total expense for the year ended 30 June 2012 of £177,124 (2011: £nil).

On 5 December 2011 the Company granted a further 1,500,000 share options at a strike price of 20p per share. The fair value of those options granted was £177,124 and was calculated using the Finnerty valuation model where a discount of 13% for the blocking period for disposing of the shares has been used. The share options are ascribed an expense for the year ended 30 June 2012 of £177,124. In addition the Board has resolved to re-price the previous option granted from 17p to 20p in order to be at the same level as the nominal share price of an ordinary share in the Company.

The options granted in September 2009, were re-priced by a deduction of 45 pence from the original grant price to take into account the return of capital made to shareholders by the issue and redemption of B shares made during the financial year. The deduction of 45 pence accorded with the advice received by the Board from its legal advisors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2012

10. **SHARE PREMIUM AND SHARE OPTIONS (Continued)**

Share options were granted during the year ended 30 June 2010 over 250,000 shares at a weighted average price of 62p, now adjusted to 20p as discussed above. The fair value of those options granted was £128,111 and was calculated using the Black Scholes valuation model. At the date of grant the volatility of the Company was estimated as 40.2651% and was calculated as the standard deviations of daily historical continuously compounded returns over a period commensurate with the expected life of the options, 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 was 2.81815% and 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 5.14 years and is estimated as the mid-point between the date of grant and the date of expiry of the option.

11. **FINANCIAL RISK**

The Company's investment activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price 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 directly to foreign exchange risk as it invests in companies listed on the London Stock Exchange, denominated in Sterling and has cash balances denominated in Sterling.

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:

	Cost	Fair Value
Fair Value Through Profit or Loss, as at 30 June 2012	2,624,500	1,464,718
Fair Value Through Profit or Loss, as at 30 June 2011	3,971,404	1,298,215

The Company's investments are all publicly traded and listed on the Alternative Investment Market ("AIM").
The Company's sensitivity to a 15% increase/(decrease) in market price would be £219,708 /(£219,708) (2011: £194,732/(£194,732)). A positive number indicates an increase in the net assets attributable to ordinary share holders and a negative number indicated a decrease. The 15% increase/(decrease) on the net assets attributable to ordinary share holders would have the same impact on the post tax profit for the year. 15% represents management's assessment of a reasonably possible change in the market prices.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2012

11. **FINANCIAL RISK (*Continued*)**

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 significantly exposed to interest rate risk as it does not have any borrowings, however, the Company does have short term (<3 months) cash deposits, which exposes the Company to effects of fluctuations in the prevailing levels of market interest rates on its cashflow.

An increase in the interest rates of 1% would cause the Company's net financial assets to increase by £1,852 (2011: £1,417). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount. 1% represents the management's assessment of a reasonably possible change in interest rates.

The following table summarises the Company's exposure to interest rate risks.

Interest rate risk profile
As at 30 June 2012

	Up to 1 year	Over 1 year	Non-interest bearing	Total £
Assets				
Trade and other receivables	-	-	7,430	7,430
Cash and cash equivalents	251,471	-	-	251,471
	251,471	-	7,430	258,901
Liabilities				
Trade and other payables	66,319	-	31,748	98,067

As at 30 June 2011

	Up to 1 year	Over 1 year	Non-interest Bearing	Total £
Assets				
Trade and other receivables	-	-	7,228	7,228
Cash and cash equivalents	291,519	-	-	291,519
	291,519	-	7,228	298,747
Liabilities				
Trade and other payables	149,827	-	128,475	278,302

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 carrying amounts of the financial assets best represent the maximum credit exposure at the end of the reporting period. This also relates to the financial assets carried at cost, as they have a short term to maturity.

The Directors do not believe the Company is subject to any significant credit risk exposure regarding investments and trade receivables. The credit risk for cash and cash equivalents is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

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

	2012 £	2011 £
Investments at Fair Value Through Profit or Loss	1,464,718	1,298,215
Trade receivables	7,430	7,228
Cash and cash equivalents	251,471	291,519
	1,723,619	1,596,962

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

11. **FINANCIAL RISK (*Continued*)**

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 investments held at fair value through profit or loss. The Company's investments at fair value through profit or loss are publicly traded and are deemed highly liquid. During the year the Company issued additional share capital to facilitate the capital management of the Company.

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

As at 30 June 2012

	Up to 3 months	Up to 1 year	Over 1 year	Total £
Financial liabilities				
Accrued expenses	31,748	-	-	31,748
Payable to shareholders	-	66,319	-	66,319
	31,748	66,319	-	98,067

As at 30 June 2011

	Up to 3 Months	Up to 1 year	Over 1 year	Total £
Financial liabilities				
Accrued expenses	102,225	26,250	-	128,475
Payable to shareholders	-	149,827	-	149,827
	102,225	176,077	-	278,302

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 investments held by the Company fall within Level 1 as they are valued by unadjusted quoted prices.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

12. DIRECTORS REMUNERATION

	2012 Directors fees £	2012 Share Options £	2012 Total £
P J Richardson	25,000	11,807	36,807
P R Anderson (resigned 20 December 2011)	37,500	-	37,500
D R King	7,500	-	7,500
G Walsh	14,760	59,042	73,802
T P O'Gorman	14,760	59,042	73,802
M Bradlow (Non-Executive Chairman)	50,000	47,233	97,233
	149,520	177,124	326,644

	2011 Directors fees £	*(As Restated)* 2011 Share Options £	2011 Total £
P J Richardson	25,000	-	25,000
M S D Yates (resigned 30 June 2011)	25,000	-	25,000
P R Anderson	25,000	-	25,000
M Bradlow (Non-Executive Chairman)	50,000	-	50,000
	125,000	-	125,000

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.

During the year 1,500,000 share options were granted to Directors (2011:nil). See note 10 for further information on share options. The Directors' remuneration is included within administration expenses in the statement of comprehensive income.

At the year end the Company owed £nil (2011: £1,250) to the Directors in respect of commissions on the sale of shares in Sterling Energy Limited and a further £3,750 (2011: £nil) in outstanding directors fees.

13. RELATED PARTIES

Company Secretary fees of £14,322 (2011: £34,668) were paid to Bedell Secretaries Limited, a company in which P R Anderson is a Director.

The preparation of the financial statements of the Company and Company Secretary services are undertaken by Dominion Corporate Services Limited of which D R King is a Director and P J Richardson was a key employee until 28 February 2011. During the year fees totalling £26,763 (2011: £10,500), including D R King's Director fee, were paid to Dominion Corporate Services Limited of which £13,750 (2011: £5,500) was outstanding at the year end.

Fees paid to the Directors are disclosed in note 12.

14. CONTROLLING PARTY

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

15. EVENTS AFTER THE REPORTING PERIOD

On the 6 September 2012, the Company sold 100,000 ordinary shares in Falkland Oil and Gas plc for total proceeds of £90,121. On the 12 September 2011, the Company sold a further 100,000 ordinary shares in Falklands Oil and Gas plc for total proceeds of £70,308. At 13 November 2012, the market value of the investment was £124,500 (62.25p per share).

At 13 November 2012, the market value of the investment in Argos Resources plc was £262,500 (26.25p per share), in Desire Petroleum plc was £427,500 (21.375p per share), in Sterling Energy plc was £198,750 (39.75p per share) and the market value of the investment in Pancontinental Oil & Gas NL was £169,500 (5.65p per share).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
FOR THE YEAR ENDED 30 JUNE 2012

16. RESTATEMENT OF PRIOR YEAR BALANCES

The financial statements of the Company as of 30 June 2010 and 30 June 2011 were audited and the auditor's report dated 04 October 2010 and 16 November 2011 respectively, expressed an unqualified opinion on those statements. However, due to amendments to previously reported figures, these financial statements have been restated.

The description of the adjustments and reconciliation of the effects of adjustment of prior year figures as applicable to the Share premium account, Share option account and Retained earnings account at 30 June 2010 and 30 June 2011 are as follows:

Share premium, Share option and Retained earnings 30 June 2010

		Share option account	Retained earnings
		£	£
As previously reported		277,210	5,862,505
Effect of:			
Adjustment in amortisation of share options	Note A	95,264	(95,264)
Adjustment in accounting for lapsed share option	Note B	(41,546)	41,546
Restated balances		330,928	5,808,787

Share premium, Share option and Retained earnings 30 June 2011

		Share premium account	Share option account	Retained earnings
		£	£	£
As previously reported		248,524	334,205	(770,129)
Effect of:				
Adjustment relation to 2010 (see above)		-	53,718	(53,718)
Adjustment in accounting for Share option exercise in 2011	Note C	202,817	(202,817)	-
Adjustment in amortisation of share options	Note A	-	(56,995)	56,995
Restated balances		451,341	128,111	(766,852)

Notes to the reconciliation of effect of prior year adjustments:

Adjustments were noted in 2010 and 2011 balances relating to:

Note A. In September 2009, the Company granted 250,000 share options to its Directors which were valued at £128,111 as at the grant date. The Company have amortised the recognition of these share options over a 3 year period, an amount of £32,847 was recognised as an expense in the 30 June 2010 accounts. However, as per the Share Option Agreement, these options are exercisable at any time before expiry date of 31 December 2016 accordingly should have been recognised in full as an expense at the time of the grant. An amount of £95,264 was adjusted on the share option account and retained earnings balances as at 30 June 2010. An amount of £56,995 which was previously reported as an expense in 30 June 2011 has been reversed.

Note B. Share options of £41,546 granted in 2005 to the former nominated advisor Ruegg & Co Limited lapsed in 2010, however these have not been accounted for in the financial statements on that year.

Note C. In 2011, 550,000 of the share options were exercised with a value of £202,817. The exercise has not been accounted for in the financial statements.

The adjustments were detected during the current financial year and in accordance with the requirement stated in FRS 18 “Accounting policies”, these adjustments are corrected retrospectively and certain comparative figures have been restated.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Westmount Energy Limited will be held at 47 Esplanade, St. Helier, Jersey, JE1 0BD Channel Islands on Wednesday 19 December 2012 at 2.30 pm for the purpose of conducting the following business. In accordance with article 11.3 of the articles of association adopted on 20 February 2012 member's wishing to attend the meeting from London may do so by conference call from the offices of Hargreave Hale, Accurist House, 44 Baker Street, London, W1U 7AL.

Ordinary business of the Company:-

1. To receive the Company's financial statements for the year ended 30 June 2012 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
Dominion Corporate Services Limited
Secretary

Registered office:
47 Esplanade
St Helier
Jersey JE1 0BD
Channel Islands

16 November 2012

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 2.30 pm Monday 17 December 2012. 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 2.30 pm on Wednesday 19 December 2012 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 2.30 pm on Wednesday 19 December 2012 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(iv) An explanation regarding the special business to be conducted at the meeting is incorporated in the directors' report on the Company's financial statements for the year ended 30 June 2012.

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 2012, 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.