

# **Westmount Energy Limited**

**Annual Report and Audited Financial Statements  
For the year ended 30 June 2015**

**CONTENTS**

	<i>Page</i>
<b>Company Information</b>	2
<b>Chairman’s Review</b>	3 – 4
<b>Directors’ Report</b>	5 – 6
<b>Statement of Directors’ Responsibilities</b>	7
<b>Independent Auditor’s Report</b>	8 – 9
<b>Statement of Comprehensive Income</b>	10
<b>Statement of Financial Position</b>	11
<b>Statement of Changes in Equity</b>	12
<b>Statement of Cash Flows</b>	13
<b>Notes to the Financial Statements</b>	14 – 23
<b>Notice of Annual General Meeting</b>	24 – 26

## Westmount Energy Limited

### COMPANY INFORMATION

<b>Chairman</b>	Gerard Walsh
<b>Directors</b>	M Bradlow D R King T P O’Gorman
<b>Secretary and Registered Office</b>	Stonehage Fleming Corporate Services Limited No 2 The Forum Grenville Street St Helier Jersey JE1 4HH Channel Islands
<b>Nominated Adviser and Nominated Broker</b>	Cenkos Securities Plc 6.7.8 Tokenhouse Yard London EC2R 7AS
<b>Legal Advisers</b>	Ogier 44 Esplanade, St Helier Jersey JE4 9WG Channel Islands  Carey Olsen 47 Esplanade, St Helier Jersey JE1 0BD Channel Islands
<b>Auditors</b>	Moore Stephens First Island House 19-21 Peter Street, St Helier Jersey JE4 8SG Channel Islands
<b>Bankers</b>	The Royal Bank of Scotland International Limited 71 Bath Street, St Helier Jersey JE4 8PJ Channel Islands
<b>Registrar</b>	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT Channel Islands

## **CHAIRMAN'S REVIEW**

The past year has been very challenging for investors in Oil & Gas assets. During the year under review your Company had a loss of £222,239, with administrative expenses reduced to £126,754. As reported at the interim stage the Board has financed the ongoing corporate overheads of the company by disposing of shares in the portfolio; 200,000 shares in Sterling Energy Plc were sold during the year and since the year end the board has had to dispose of 250,000 shares in Falklands Oil & Gas Limited ("FOGL") to finance ongoing administration costs.

### **Proposed Placing and Open Offer**

Despite the challenging industry conditions, the Directors still believe that there will be opportunities for investment in the sector and want the Company to be able to take advantage of attractive opportunities should they arise. In an effort to put the Company on a sounder financial footing and provide funds for working capital and investment, the Board has agreed to a conditional placing and Open Offer to existing qualifying shareholders (on a 1 for 1 basis) to issue up to a total of 15,830,300 new ordinary shares at a price of 4p per share to raise up to a total of £633,212 before costs. The directors will subscribe for their pro rata entitlements in the Open Offer and a total of 6,000,000 new ordinary shares ("the Subscription") has been conditionally placed with two new investors, Mr John Craven and Mr Dermot Corcoran, who are investing in a private capacity. The Board believes that the placing and Open Offer provides new capital for the Company which together with the new shareholders will further enhance the Company's growth prospects. Further details of the Subscription and Open Offer are set out in a circular sent to shareholders today.

The proposed Subscription and Open Offer, while raising a modest amount, in fact more than doubles the size of the share capital of the Company, which the Board believes is appropriate as the Company needs to increase its market capitalisation and resources if it is to be taken seriously going forward.

The Board requires shareholder approval to amend the nominal value of the Company's ordinary shares in order to complete the Subscription and Open Offer ("the Resolutions"). The Resolutions will be put to shareholders at a General Meeting of the Company convened for 11 December 2015.

The Board unanimously recommends that the all shareholders vote in favour of the Resolutions.

### **Portfolio**

Westmount's portfolio of energy shares is mainly focused on the Falkland Islands where our largest holding, Falklands Oil & Gas Limited, is currently drilling.

In conjunction with its partners, FOGL has this year drilled two oil discoveries in the North Falkland basin. The Zebedee well was an oil and gas discovery announced on 5 April 2015 and extended the Sea Lion field. The second, Isobel Deep oil discovery announced on 28 May 2015 has opened up a new play with exploration upside and could be revisited for a further well later this year.

A consortium involving FOGL recently completed drilling the Humpback prospect in the South Falklands basin. The Humpback well was drilled to a total depth of 5,136 meters (measured depth). The well encountered non-commercial quantities of oil and gas within a number of sandstone intervals. The rig will shortly return to the North Falklands Basin to drill a second well on the Elaine/Isobel fan complex. The Elaine/Isobel fan complex, based on the operator's estimates, has multiple reservoir targets and gross mean un-risked resources of 400 million barrels of oil.

In addition, your company has a holding in Argos Resources Ltd ("Argos") which has recently completed a transaction with Noble and Edison. The transaction provides Argos with exposure to a well on the Rhea prospect on licence PL001 in the North Falklands basin which should be drilled in the fourth quarter, without any financial exposure to Argos.

## **Westmount Energy Limited**

### **CHAIRMAN'S REVIEW (*continued*)**

I remain hopeful that with further exploration and appraisal wells to follow that the FOGL and Argos share price have potential for improvement.

#### **New Ventures**

Over the past year, the fall in the oil price together with the risk off investment environment has resulted in a difficult environment to evaluate, execute and finance merger and acquisition activity in the energy sector. As we have seen, share prices across the sector have been adversely affected, in particular companies exposed to high cost production and debt have been the hardest hit.

Given the new oil price environment, efforts are continuing to find a suitable transaction for investment and we continue to engage in discussion with a number of entities as well as brokers and our advisors. I have found that, particularly where exploration teams are concerned, that we are competing with private equity groups, which given the Company's current size and financing ability makes it challenging.

However, I remain hopeful of finding a suitable transaction and efforts will continue. The modest fundraising from the Subscription and Open Offer, the welcome addition of two experienced oil & gas executives and investors joining the share register together with the proposed amendments to the share capital should leave your Company in a stronger position and assist with the search and evaluation process.

Finally, I take the opportunity to thank all our shareholders for your patience and support.

**Gerard Walsh**

*Chairman*

19 November 2015

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of Westmount Energy Limited (the "Company") for the year ended 30 June 2015.

### **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 pages 3 and 4.

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

### **Directors and Directors' Interests**

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

G Walsh (*Chairman*)  
M Bradlow  
D R King  
T P O'Gorman

P J Richardson was appointed 25 June 1998 and resigned 9 January 2015.

M Bradlow is 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 10 in the Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend in respect of these financial statements (2014: £Nil). Further details on the Company's activities during the year have been set out in the Chairman's Review on pages 3 and 4.

### **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 annual general meeting.

## Westmount Energy Limited

### DIRECTORS' REPORT *(continued)*

#### Directors' Biographical Information

**Gerard Walsh, Chairman**, age 52, Swiss resident, is a member of the Chartered Institute of Management Accountants and has been involved in financing oil and gas companies for over 20 years.

**Mervyn J Bradlow**, age 84, a United Kingdom resident, has an Economics degree and qualified as a Chartered Accountant in South Africa. He was a member of the London Stock Exchange and has been involved in corporate finance and investment over the past thirty years. He was an investment advisor at Hargreave Hale Limited until 31 December 2012.

**David R King**, age 57, 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.

**Thomas P O'Gorman**, age 63, 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 2015 was Crestbridge Corporate Services Limited and at the date of signing this report is Stonehage Fleming Corporate Services Limited.

#### Significant Shareholdings

At 30 June 2015 notification had been received of the following holdings of more than 3% of the issued capital of the Company:

	<i>Number</i>	<i>%</i>
G Walsh	1,100,000	11.19
T P O'Gorman	1,100,000	11.19
Euroclear Nominees Limited	822,000	8.36
Hargreave Hale Nominees Limited	607,857	6.18
HSBC Global Custody Nominee (UK)	598,500	6.09
Pershing Nominees Limited	450,939	4.59
ISI Nominees Limited	360,012	3.66
Lynchwood Nominees Limited	321,016	3.27
BNY Mellon Nominees Limited	300,000	3.05

#### 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 DIRECTORS' RESPONSIBILITIES  
WITH REGARD TO THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

By Order of the Board

**D R King**

*Director*

19 November 2015



## **Westmount Energy Limited**

### **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 2015 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 15. 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 7) 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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:

- adequate 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.

**Lance Spurrier**

for and on behalf of Moore Stephens

First Island House  
Peter Street, St Helier  
Jersey JE2 8SG  
Channel Islands

19 November 2015

## Westmount Energy Limited

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

		<i>Year ended 30 June 2015</i>	<i>Year ended 30 June 2014</i>
	<i>Note</i>	<i>£</i>	<i>£</i>
Net loss on financial assets held at fair value through profit or loss		(95,485)	(63,287)
Administrative expenses		(126,754)	(142,319)
<b>Operating loss</b>		<u>(222,239)</u>	<u>(205,606)</u>
<b>Loss before tax</b>		<u>(222,239)</u>	<u>(205,606)</u>
<b>Comprehensive loss for the year</b>		<u><u>(222,239)</u></u>	<u><u>(205,606)</u></u>
Basic loss per share (pence)	4	<u>(2.26)</u>	<u>(2.10)</u>
Diluted loss per share (pence)	4	<u>(2.26)</u>	<u>(2.10)</u>

All results are derived from continuing operations.

The Company has no items of other comprehensive income.

The notes on pages 14 to 23 form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	<i>Notes</i>	<i>As at 30 June 2015 £</i>	<i>As at 30 June 2014 (Restated) £</i>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Financial assets at fair value through profit or loss	5	536,821	682,888
<b>Current Assets</b>			
Other receivables	6	9,721	7,607
Cash and cash equivalents	7	7,291	76,866
		17,012	84,473
<b>Total assets</b>		553,833	767,361
 <b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	31,760	57,831
<b>EQUITY</b>			
Share capital	9	1,966,060	1,966,060
Share premium account	10	551,560	516,778
Share option account	10	349,906	349,906
Retained earnings		(2,345,453)	(2,123,214)
<b>Total equity</b>		522,073	709,530
<b>Total liabilities and equity</b>		553,833	767,361

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

**D R King**  
*Director*

19 November 2015

The notes on pages 14 to 23 form an integral part of these financial statements

**Westmount Energy Limited**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Share capital Account £</i>	<i>Share Premium Account £</i>	<i>Share Option Account £</i>	<i>Retained Earnings £</i>	<i>Total Equity £</i>
<b>As at 1 July 2013 as previously restated</b>	1,966,060	492,103	293,427	(1,861,129)	890,461
<b>Prior Year adjustment (Note 10)</b>	—	—	56,479	(56,479)	—
<b>At 1 July 2013 restated</b>	<u>1,966,060</u>	<u>492,103</u>	<u>349,906</u>	<u>(1,917,608)</u>	<u>890,461</u>
<b>Comprehensive Income</b>					
Loss for the year ended 30 June 2014	—	—	—	(205,606)	(205,606)
<b>Transaction with owners</b>					
Expired redemption of B shares not taken up	—	24,675	—	—	24,675
<b>At 30 June 2014</b>	<u>1,966,060</u>	<u>516,778</u>	<u>349,906</u>	<u>(2,123,214)</u>	<u>709,530</u>
<b>Comprehensive Income</b>					
Loss for the year ended 30 June 2015	—	—	—	(222,239)	(222,239)
<b>Transaction with owners</b>					
Expired redemption of B shares not taken up	—	34,782	—	—	34,782
<b>At 30 June 2015</b>	<u>1,966,060</u>	<u>551,560</u>	<u>349,906</u>	<u>(2,345,453)</u>	<u>522,073</u>

The notes on pages 14 to 23 form an integral part of these financial statements

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2015**

	<i>Year ended 30 June 2015</i>	<i>Year ended 30 June 2014</i>
<i>Note</i>	<i>£</i>	<i>£</i>
<b>Cash flows from operating activities</b>		
Total comprehensive loss for the year	(222,239)	(205,606)
Adjustment for net loss on investments at fair value through profit or loss	95,485	63,287
Increase in prepayments and accrued income	(2,114)	35
Decrease in creditors and accrued expenses	(26,071)	(32,090)
Sale of investments	50,582	—
Net cash outflows from operating activities	<u>(104,357)</u>	<u>(174,374)</u>
<b>Cash flows from financing activities</b>		
Expired redemption of B shares not taken up	10      34,782	24,675
Net cash generated in financing activities	<u>34,782</u>	<u>24,675</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(69,575)</u>	<u>(149,699)</u>
Cash and cash equivalents at beginning of year	<u>76,866</u>	<u>226,565</u>
<b>Cash and cash equivalents at end of year</b>	7 <u>7,291</u>	<u>76,866</u>

The notes on pages 14 to 23 form an integral part of these financial statements

## Westmount Energy Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

#### 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”).

#### 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 reporting date of these financial statements, the following new standard, amendments and interpretations to existing standards have been published but is not yet effective and have not been adopted early by the Company. The standard below is not expected to affect the financial position of the Company however it will require additional disclosure in future financial statements. IFRS 9 has not yet been EU Endorsed.

- IFRS 9 Financial Instruments – Classification and Measurement, effective for annual periods beginning on or after 1 January 2018

The Directors believe that the standard listed above, that has been issued but is not yet effective, will not have a material impact on the Company.

#### *Use of estimates and judgements*

The preparation of the financial statements in conformity with IFRS requires the Directors to use judgement and make estimates and assumptions that affect the application of policies and the financial statements. The actual outcome may differ significantly from the estimates.

#### (a) *Impairment*

The Company assessed at the reporting date whether there was any objective evidence that any financial asset was impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

**2. Accounting Policies (*continued*)**

(b) *Estimates*

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 of the financial statements and at the statement of financial position date however, the actual results may differ from these estimates.

***Foreign currency***

(a) *Functional and presentational currency*

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

(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

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

***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 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.



## **Westmount Energy Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

#### **2. Accounting Policies (*continued*)**

##### ***Financial liabilities***

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

##### ***Share capital***

Shares are classified as equity when there is no obligation to transfer cash or other assets.

##### ***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.

##### ***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***

Equity-settled share based payment transactions are measured at the fair value of the goods and services received unless that cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. Fair value is measured at the grant date and is estimated using valuation techniques as set out in note 10. The fair value is recognised in the statement of comprehensive income, with a corresponding increase in equity via the share option account. When options are exercised, the relevant amount in the share option account is transferred to the share premium account.

#### **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.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)**4. Earnings per Share**

The calculation of basic earnings per ordinary share is based on the comprehensive loss for the year of (£222,239) (2014: (£205,606)). The weighted average number of shares in issue during the year was 9,830,300 (2014: 9,830,300). 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 there is no dilution effect on the earnings per share, therefore the diluted loss per share is the same as the basic loss per share.

**5. Financial Assets at Fair Value through Profit or Loss**

	2015 £	2014 £
Sterling Energy plc ("Sterling")	52,500	148,150
Argos Resources Ltd ("Argos")	81,300	135,000
Falkland Oil & Gas Ltd ("Falkland")	394,198	361,650
Pancontinental Oil & Gas NL ("Pancontinental")	8,823	38,088
Total investments	<u>536,821</u>	<u>682,888</u>

On 30 June 2015 the market value of the Company's holding of 1,446,600 (2014: 1,446,600) ordinary fully paid shares in Falkland representing 0.27% (2014:0.27%) of the issued share capital was 394,198 (2014: £361,650) (27.25p per share, (2014: 25.00p)).

On 30 June 2015 the market value of the Company's holding of 300,000 (2014: 500,000) ordinary fully paid shares in Sterling representing 0.14% (2014:0.23%) of the issued share capital of the Company was £52,500 (2014: 148,150) (17.50p per share, (2014: 29.63p per share)). 200,000 (2014: nil) shares were disposed in the current year.

On 30 June 2015 the market value of the Company's holding of 1,000,000 (2014: 1,000,000) ordinary fully paid shares in Argos, representing 0.46% (2014: 0.46%) of the issued share capital of the company was £81,300 (2014: £135,000) (13.50p per share, (2014: 18.88p per share)). No shares were disposed in the current or prior year.

On 30 June 2015 the market value of the Company's holding of 3,000,000 (2014: 3,000,000) ordinary fully paid shares in Pancontinental, representing 0.26% (2014: 0.26%) of the issued share capital of the company was £8,823 (2014: £38,088) (0.29p per share, (2014: 1.27p per share)). No shares were disposed in the current or prior year.

**6. Other Receivables**

	2015 £	2014 £
Prepayments	<u>9,721</u>	<u>7,607</u>

**7. Cash and Cash Equivalents**

	2015 £	2014 £
Cash at bank	<u>7,291</u>	<u>76,866</u>

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

## Westmount Energy Limited

### NOTES TO THE FINANCIAL STATEMENTS (*continued*)

#### 8. Trade and Other Payables

	2015 £	2014 £
Amounts due to shareholders from returns of capital	—	34,782
Accrued expenses	31,760	23,049
	<u>31,760</u>	<u>57,831</u>

#### 9. Share Capital

	2015 £	2014 £
<b>Authorised:</b>		
200,000,000 (2014: 200,000,000) ordinary shares of 20p each	40,000,000	40,000,000
200,000,000 (2014: 200,000,000) redeemable “B” shares of 1p each	2,000,000	2,000,000

	2015 No. '000	2014 No. '000	2015 £	2014 £
<b>Allotted, called up and fully paid:</b>				
In issue:				
Ordinary shares	9,830.3	9,830.3	1,966,060	1,966,060
			<i>Ordinary shares No.</i>	<i>Ordinary shares £</i>
Movement				
<b>Balance at 30 June 2014/30 June 2015</b>			<u>9,830,300</u>	<u>9,830,300</u>

There were no redemptions or share issues during the year ended 30 June 2015.

#### 10. Share Premium and Share Options

	Share Premium Account £	Share option Account £
<b>1 July 2013</b>	<u>492,103</u>	<u>349,906</u>
Expired redemption of B shares not taken up	24,675	—
<b>At 30 June 2014</b>	<u>516,778</u>	<u>349,906</u>
Expired redemption of B shares not taken up	34,782	—
<b>At 30 June 2015</b>	<u>551,560</u>	<u>349,906</u>

On 22 September 2009 the Company granted 250,000 share options at a weighted average exercise price of 62p per share.

In 2011 the terms of the options were changed, to give a weighted average exercise price of 17p per share. In 2012 this was changed to 20p per share.

NOTES TO THE FINANCIAL STATEMENTS *(continued)***10. Share Premium and Share Options *(continued)***

On 5 December 2011 the Company granted 1,500,000 share options at a weighted average exercise price of 20p per share. The fair value of those options granted, after adjusting for the changes in the exercise price, was £184,590 using the Black Scholes valuation model. The adjustment to the option price was omitted, and has been corrected for in the comparative period by a reserve transfer as a prior year adjustment of £56,479.

As at 30 June 2015, options were outstanding over 1,650,000 (2014: 1,650,000) ordinary 20p shares, with a weighted average exercise price of 20p (2014: 20p). The options vested in the year ended 31 December 2012 and are exercisable at the option of the option holder, expiring 31 December 2016. During the year nil (2014: 100,000) options were exercised and £nil (2014: £11,808) of the option reserve was released to share premium.

In April 2014, funds held in Escrow in the amount of £24,675 were transferred back to the Company following the expired redemption of B shares which were not taken up. A further amount of £34,782 was transferred back to the company in April 2015

Prior year adjustment: The financial statements have been restated to incorporate the impact of a misclassification pertaining to the share option account prior to 1 July 2013. The change has resulted in retained earnings at 30 June 2015 decreasing by £56,479 with a corresponding increase to the share option account.

**11. Financial Risk**

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

**a) Market Risk***i) Foreign exchange risk*

The Company is not exposed to significant currency risk as it invests in companies listed on the London Stock Exchange, predominately 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:

	<i>Fair Value</i>
Fair Value Through Profit or Loss, as at 30 June 2015	536,821
Fair Value Through Profit or Loss, as at 30 June 2014	682,888

## Westmount Energy Limited

### NOTES TO THE FINANCIAL STATEMENTS (*continued*)

#### 11. Financial Risk (*continued*)

The Company's investments are all publicly traded and listed on either the Alternative Investment Market ("AIM") or on the Australian Stock Exchange. The Company's sensitivity to a 15% increase/(decrease) in market price would be £80,523/(£80,523) (2014: £102,433/(£102,433)). A positive number indicates an increase in the net assets attributable to ordinary shareholders and a negative number indicates a decrease. The 15% increase/(decrease) on the net assets attributable to ordinary shareholders 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.

##### 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 cash flow.

An increase in the interest rates of 1% would cause the Company's net financial assets to increase by £73 (2014: £769). 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 2015

	<i>Up to 1 year £</i>	<i>Over 1 year £</i>	<i>Non-interest bearing £</i>	<i>Total £</i>
<b>Assets</b>				
Other receivables	—	—	9,721	9,721
Cash and cash equivalents	7,291	—	—	7,291
	<u>7,291</u>	<u>—</u>	<u>9,721</u>	<u>17,012</u>
<b>Liabilities</b>				
Trade and other payables	—	—	31,760	31,760

##### As at 30 June 2014

	<i>Up to 1 year £</i>	<i>Over 1 year £</i>	<i>Non-interest bearing £</i>	<i>Total £</i>
<b>Assets</b>				
Trade and other receivables	—	—	7,607	7,607
Cash and cash equivalents	76,866	—	—	76,866
	<u>76,866</u>	<u>—</u>	<u>7,607</u>	<u>84,473</u>
<b>Liabilities</b>				
Trade and other payables	—	—	57,831	57,831

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. Financial Risk (continued)**

**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 trade receivables. At the period end date the Company was exposed to credit risk on the investments of which the shareholders are aware. The Directors regularly review the investments held by the Company.

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

	2015 £	2014 £
Investments at Fair Value Through Profit or Loss	536,821	682,888
Other receivables	9,721	7,607
Cash and cash equivalents	7,291	76,866
	553,833	767,361

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

**c) Liquidity Risk**

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's primary source of liquidity consists of cash and cash equivalents and 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.

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

**As at 30 June 2015**

	Up to 3 months £	Up to 1 year £	Over 1 year £	Total £
<b>Financial liabilities</b>				
Accrued expenses	31,760	—	—	31,760
	31,760	—	—	31,760

**As at 30 June 2014**

	Up to 3 months £	Up to 1 year £	Over 1 year £	Total £
<b>Financial liabilities</b>				
Accrued expenses	23,049	—	—	23,049
Payable to shareholders	—	34,782	—	34,782
	23,049	34,782	—	57,831

## Westmount Energy Limited

### NOTES TO THE FINANCIAL STATEMENTS (*continued*)

#### 11. Financial Risk (*continued*)

##### Capital Management

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

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

##### Fair Value Estimation

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

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

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

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

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

#### 12. Directors' Remuneration and Share Options

	2015 <i>Directors'</i> <i>fees</i> £	2015 <i>Options</i> <i>outstanding</i> £	2014 <i>Directors'</i> <i>fees</i> £	2014 <i>Options</i> <i>outstanding</i> £
P J Richardson	4,000	50,000	11,375	50,000
D R King	14,750	—	15,000	—
M Bradlow	8,000	550,000	20,750	550,000
G Walsh	—	500,000	—	500,000
T O'Gorman	—	500,000	—	500,000
	<u>26,750</u>	<u>1,600,000</u>	<u>47,125</u>	<u>1,600,000</u>

At the year end the Company owed £1,000 (2014: £nil) in outstanding directors' fees.

Nil share options were issued during the year ended 30 June 2015 (2014: nil) and nil (2014: 100,000) options were exercised during the year. All outstanding options are due to expire 31 December 2016.

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.

**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**13. Related Parties**

The preparation of the financial statements of the Company, and Company Secretary services are undertaken by Crestbridge Corporate Services Limited. During the year fees totalling £46,471 (2014: £42,331) were paid to Crestbridge Corporate Services Limited of which £12,360 (2014: £4,750) was outstanding at the year end.

D R King resigned as a Director of Crestbridge Corporate Services Limited on 31 May 2015 and is a an employee of Stonehage Fleming Corporate Services Limited who were appointed as Company Secretary on 17 September 2015.

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. Subsequent Events**

On 27 July 2015 the Company sold 200,000 shares in Falkland Oil & Gas Limited for a net consideration of £47,633.

On 19 August 2015 the Company sold 50,000 shares in Falkland Oil & Gas Limited for a net consideration of £11,978.

On 19 November 2015 the market value of the investments that were held at 30 June 2015 not taking into account the above disposals was £254,936 which represents a material decline in the value of the investments from the end of the reporting period. The decline reflects the current market conditions on investments.

On 19 November 2015, the Board of the Company approved a private placement of 6,000,000 shares in the Company at 4p per share to raise £240,000 before expenses. At the same time the Board approved an Open Offer to existing shareholders on a 1 for 1 basis to subscribe for new shares in the Company at 4p per share to raise a further £393,212, before expenses, if fully subscribed.



## Westmount Energy Limited

### NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Westmount Energy Limited will be held at No 2 The Forum, Grenville Street, St Helier, Jersey JE1 4HH, Channel Islands on 11 December 2015 at 11.00 am for the purpose of conducting the following business. In accordance with article 11.3 of the articles of association adopted on 20 February 2012 members wishing to attend the meeting from London may do so by conference call from the offices of Cenkos Securities plc, 6-8 Tokenhouse Yard, London, EC2R 7AS.

#### Ordinary business of the Company:-

1. To receive the Company's financial statements for the year ended 30 June 2015 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:-

5. To consider and, if thought fit, pass the special resolutions set out in the form attached as **Annexure 1** to this Notice:
  - (a) converting all of the authorized (including any issued) consolidated ordinary shares of the Company and all of the authorized redeemable 'B' shares of the Company into shares of no par value and increasing the number of shares which the Company is authorized to issue by altering the memorandum of association of the Company on the terms set out in Annexure 1 (Special Resolution 1); and
  - (b) (subject to Special Resolution 1 being passed) renewing the Company's authority to purchase certain consolidated ordinary shares in the Company on the terms set out in Annexure 1 (Special Resolution 2).

By order of the Board

**Stonehage Fleming Corporate Services Limited**

*Secretary*

*Registered office:*

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

**NOTICE OF MEETING (*continued*)**

*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 Asset Service, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not less than 48 hours before the time fixed for holding the meeting. Completion and return of the Form of Proxy does not preclude a shareholder from attending and voting in person at the meeting.
- (iii) The Company, pursuant to the Companies (Uncertificated Securities) (Jersey) Order 1999 and its articles of association, specifies that only those shareholders holding consolidated ordinary shares of 20p each in the Company and entered on the register of members of the Company as at 6.00 pm on 7 December 2015 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 3.00 pm on 7 December 2015 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 2015.

## **Westmount Energy Limited**

### **NOTICE OF MEETING (*continued*)**

#### **ANNEXURE 1 TO NOTICE OF MEETING**

##### **Special Resolution**

##### **1. Converting the shares of the Company to shares of no par value**

###### **IT IS RESOLVED THAT:**

Pursuant to Article 40A of the Companies (Jersey) Law 1991, as amended, the shares of the Company be and are hereby converted into shares of no par value and accordingly:

- (a) each of the authorised consolidated ordinary shares (including each of the issued consolidated ordinary shares) in the capital of the Company be and are hereby converted into consolidated ordinary shares of no par value;
- (b) each of the authorised redeemable “B” shares in the capital of the Company, be and are hereby converted into redeemable “B” shares of no par value;
- (c) the Company be and is hereby authorized to issue an unlimited number of shares; and
- (d) the memorandum of association of the Company be and is hereby altered by the deletion of paragraph 4 and the insertion in its place of new paragraph 4 as follows:
  - 4. The Company is a no par value company and there shall be no limit on the number of shares which may be issued by the Company and if the share capital structure of the Company is at any time divided into separate classes of shares there shall be no limit on the number of shares of any class which may be issued by the Company.

##### **Special Resolution**

##### **2. Authorising the purchase by the Company of its own shares**

###### **IT IS RESOLVED THAT subject to Special Resolution 1. being passed:**

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 no par value 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 number of no par value shares issued by the Company as at the date which is five business days immediately preceding the date of any purchase;
- (b) the minimum price which may be paid for any such Ordinary Share (exclusive of expenses) shall be £0.01; 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 any purchase,

**such authority to expire on 31 December 2016, 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.**

