

Westmount Energy Limited

**Annual Report and Audited Financial Statements
For the year ended 30 June 2016**

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Westmount Energy Limited

COMPANY INFORMATION

Chairman	Gerard Walsh
Directors	M Bradlow D R King T P O’Gorman
Secretary and Registered Office	Stonehage Fleming Corporate Services Limited No 2 The Forum Grenville Street St Helier Jersey JE1 4HH Channel Islands
Nominated Adviser and Nominated Broker	Cenkos Securities Plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal Advisers	Carey Olsen 47 Esplanade, St Helier Jersey JE1 0BD Channel Islands
Auditor	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

The Year under review has been another difficult and volatile year for the Oil & Gas industry and in particular the junior E & P sector in which your Company invests.

As previously reported, last December your Company successfully raised a total of £509,602 by way of an Open Offer to existing shareholders and a Placing with two new investors, Mr John Craven and Mr Dermot Corcoran. Following the Annual General Meeting on 11 December 2015, the share capital was also amended to Nil Par Value. The amendments to our share capital, addition to our working capital and strengthening of our shareholder base has provided a strong platform to move the Company forward and continue to assess investment opportunities within the energy sector.

The Financial Statements show a loss for the year of £434,023, the majority of which relates to a reduction in value of our investment portfolio. The reduction is a non cash item and I comment on the portfolio separately below. Administrative expenses of £173,112 include legal and secretarial costs relating to the share subscription and Open Offer documentation, referred to above. The Company's corporate overhead has been reduced as much as possible to an annual rate of approximately £100,000 and myself and fellow board member Tom O'Gorman, who invested significantly in the December 2015 Open Offer, have in an effort to preserve cash and save on costs, provided our services free of charge to the Company for the past three years while we actively seek and evaluate an appropriate transaction for the Company.

Portfolio

As reported at the interim stage your Company's portfolio of energy shares is mainly focused on the Falkland Islands. Following an all share merger in January 2016, our holding in Falkland Oil & Gas was exchanged for a holding in Rockhopper Exploration plc. In spite of positive news events and the recent improved oil price, the valuations have not recovered. Your Company recorded a paper loss in the portfolio of £260,911 which arose mainly in the first half of the year from the market depreciation in our holding in Falkland Oil and Gas/Rockhopper. The share price performance has been very disappointing, should the share prices of the portfolio increase in the future, the valuations uplift will be shown in our income statement.

Future

The oil price has recovered from the recent lows set in January of this year and recently traded in the \$45-\$55 range. There is hope that short term supply issues can be resolved by an agreement at the forthcoming OPEC meeting. The recent commodity price improvement and market stability has helped investor sentiment. We have recently seen significant and successful fundraisings from companies such as Providence and Hurricane, which I would have thought was not possible only a short time ago. These fundraising efforts and other such examples in our sector provide confidence that on finding the right opportunity, funding should be available.

When Messrs Craven and Corcoran joined the share register last December, we indicated that we would focus on repositioning your Company as a niche exploration and production investor in the conventional oil and gas sector, to position investors to benefit from a likely price upswing in the next two to five years.

We have reviewed a number of investment and corporate opportunities and shown them to our new shareholders Messrs Craven and Corcoran, for some technical evaluation and input. While we have identified a number of opportunities, including opportunities in the Atlantic Margin arena, we have been unable to conclude a transaction to date.

Westmount Energy Limited

CHAIRMAN'S REVIEW *(continued)*

Westmount has sufficient cash resources on hand to continue to evaluate new opportunities and will revert to shareholders when we have a transaction that we feel will increase shareholder value, has the support of our key shareholders, advisors and importantly can be financed in the market place.

Gerard Walsh

Chairman

Date 25 November 2016

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 2016.

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 3-4.

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

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 (2015: £Nil). Further details on the Company's activities during the year have been set out in the Chairman's Review on pages 3-4.

Auditor

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

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

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

Westmount Energy Limited

DIRECTORS' REPORT (*continued*)

Directors' Biographical Information

Gerard Walsh, Chairman, age 53, 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 85, 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 58, 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 64, 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 is Stonehage Fleming Corporate Services Limited.

Significant Shareholdings

At 30 June 2016 notification had been received of the following holdings of more than 3% of the issued capital of the Company:

	<i>Number</i>	<i>%</i>
Mr. Thomas O'Gorman	3,100,000	13.73
Mr. Gerard Walsh	3,100,000	13.73
Mr Dermot Corcoran	3,000,000	13.29
Mr John Craven	3,000,000	13.29
Marlborough UK Micro-Cap Growth Fund	1,197,000	5.30
Gryphon Trading	818,900	3.63

DIRECTORS' REPORT (*continued*)

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

Date 25 November 2016

**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 2016 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 2016 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

Dated: 25 November 2016

Westmount Energy Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	<i>Note</i>	<i>Year ended 30 June 2016 £</i>	<i>Year ended 30 June 2015 £</i>
Net loss on financial assets held at fair value through profit or loss		(260,911)	(95,485)
Administrative expenses		(173,112)	(126,754)
Operating loss		<u>(434,023)</u>	<u>(222,239)</u>
Loss before and after tax		<u>(434,023)</u>	<u>(222,239)</u>
Comprehensive loss for the year		<u><u>(434,023)</u></u>	<u><u>(222,239)</u></u>
Basic loss per share (pence)	4	<u>(2.59)</u>	<u>(2.26)</u>
Diluted loss per share (pence)	4	<u>(2.59)</u>	<u>(2.26)</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 2016**

	<i>Notes</i>	<i>As at 30 June 2016 £</i>	<i>As at 30 June 2015 £</i>
ASSETS			
Non-Current Assets			
Financial assets at fair value through profit or loss	5	216,299	536,821
Current Assets			
Other receivables	6	10,023	9,721
Cash and cash equivalents	7	402,716	7,291
		<u>412,739</u>	<u>17,012</u>
Total assets		<u><u>629,038</u></u>	<u><u>553,833</u></u>
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	31,387	31,760
EQUITY			
Share capital	9	3,027,221	1,966,060
Share premium account	10	—	551,560
Share option account	10	349,906	349,906
Retained earnings		(2,779,476)	(2,345,453)
Total equity		<u>597,651</u>	<u>522,073</u>
Total liabilities and equity		<u><u>629,038</u></u>	<u><u>553,833</u></u>

These financial statements were approved and authorised for issue by the Board of Directors on 25 November 2016 and were signed on its behalf by:

D R King
Director

Date 25 November 2016

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 2016**

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Share option account</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
As at 1 July 2014	1,966,060	516,778	349,906	(2,123,214)	709,530
Comprehensive income					
Loss for the year ended 30 June 2015	—	—	—	(222,239)	(222,239)
Transaction with owners					
Expired redemption of B shares not taken up	—	34,782	—	—	34,782
At 30 June 2015	<u>1,966,060</u>	<u>551,560</u>	<u>349,906</u>	<u>(2,345,453)</u>	<u>522,073</u>
Comprehensive income					
Loss for the year ended 30 June 2016	—	—	—	(434,023)	(434,023)
Transaction with owners					
Open offer at 4p per 20p ordinary share	509,601	—	—	—	509,601
Conversion of 20p ordinary shares to nil par value shares	551,560	(551,560)	—	—	—
At 30 June 2016	<u>3,027,221</u>	<u>—</u>	<u>349,906</u>	<u>(2,779,476)</u>	<u>597,651</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	<i>Note</i>	<i>Year ended 30 June 2016 £</i>	<i>Year ended 30 June 2015 £</i>
Cash flows from operating activities			
Total comprehensive loss for the year		(434,023)	(222,239)
Adjustment for net loss on financial assets at fair value through profit or loss		260,911	95,485
Increase in other receivables		(302)	(2,114)
Decrease in trade and other payables		(373)	(26,071)
Proceeds from sale of investments		59,611	50,582
Net cash outflows from operating activities		<u>(114,176)</u>	<u>(104,357)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares	9	509,601	—
Expired redemption of B shares not taken up		—	34,782
Net cash generated from financing activities		<u>509,601</u>	<u>34,782</u>
Net increase/(decrease) in cash and cash equivalents		<u>395,425</u>	<u>(69,575)</u>
Cash and cash equivalents at beginning of year		<u>7,291</u>	<u>76,866</u>
Cash and cash equivalents at end of year	7	<u>402,716</u>	<u>7,291</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 adopted early by the Company

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

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

IFRS 9 ‘Financial Instruments’ (2014)

The IASB released IFRS 9 ‘Financial Instruments’ (2014), representing the completion of its project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. The standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company’s financial assets will need to be considered based on the new criteria that considers the assets’ contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Company’s trade receivables and investments in debt-type assets currently classified as available for sale and held to maturity, unless classified as at fair value through profit or loss in accordance with the new criteria; and

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

2. Accounting Policies (*continued*)

- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Company makes an irrevocable designation to present them in other comprehensive income.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

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 of the financial statements and at the Statement of Financial Position date however, the actual results may differ from these estimates.

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.

Transactions and balances

Foreign currency monetary assets and liabilities are translated into Sterling at the rate of exchange ruling on the last day of the Company's financial year. Foreign currency 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 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 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 financial assets is calculated after setting the proceeds against the fair value and, in respect of a part disposal, against the fair value at the date of sale. The surplus or loss on realisation is transferred to the Statement of Comprehensive Income.

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

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. Loss per Share**

The calculation of basic loss per ordinary share is based on the comprehensive loss for the year of (£434,023) (2015: (£222,239)). The weighted average number of shares in issue during the year was 16,765,990 (2015: 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 loss 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

	2016 £	2015 £
Sterling Energy plc ("Sterling")	45,750	52,500
Argos Resources Ltd ("Argos")	37,500	81,300
Falkland Oil & Gas Ltd ("Falkland")	—	394,198
Rockhopper Exploration plc ("Rockhopper")	128,036	—
Pancontinental Oil & Gas NL ("Pancontinental")	5,013	8,823
Total investments	<u>216,299</u>	<u>536,821</u>

On 18 January 2016 Falkland entered into an all share merger agreement with Rockhopper. After the merger, the Company received 0.2993 Rockhopper shares for each Falkland share, therefore 1,196,600 Falkland shares were converted to 358,142 Rockhopper shares. On 30 June 2016, the market value of the Company's holding of 358,142 (2015: 1,446,600) ordinary fully paid shares in Rockhopper (2015: Falkland), representing 0.08% (2015: 0.27%) of the issued share capital of the company, was £128,036 (2015: £394,198) (35.75p per share (2015: 27.25p)). 250,000 Falkland shares were disposed in the current year.

On 30 June 2016, the market value of the Company's holding of 300,000 (2015: 300,000) ordinary fully paid shares in Sterling, representing 0.14% (2015: 0.14%) of the issued share capital of the Company, was £45,750 (2015: £52,500) (15.25p per share (2015: 17.50p per share)). No (2015: 200,000) shares were disposed in the current year.

On 30 June 2016, the market value of the Company's holding of 1,000,000 (2015: 1,000,000) ordinary fully paid shares in Argos, representing 0.46% (2015: 0.46%) of the issued share capital of the company, was £37,500 (2015: £81,300) (3.75p per share (2015: 8.13p per share)). No shares were disposed in the current or prior year.

On 30 June 2016, the market value of the Company's holding of 3,000,000 (2015: 3,000,000) ordinary fully paid shares in Pancontinental, representing 0.26% (2015: 0.26%) of the issued share capital of the company, was £5,013 (2015: £8,823) (0.17p per share (2015: 0.29p per share)). No shares were disposed in the current or prior year.

6. Other Receivables

	2016 £	2015 £
Prepayments	<u>10,023</u>	<u>9,721</u>

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

7. Cash and Cash Equivalents

	2016 £	2015 £
Fixed deposit	400,256	—
Cash at bank	2,460	7,291
	<u>402,716</u>	<u>7,291</u>

Cash is held on fixed deposit for a term of one month.

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

	2016 £	2015 £
Accrued expenses	<u>31,387</u>	<u>31,760</u>

9. Share Capital

	2016 £	2015 £
Authorised:		
200,000,000 (2015: 200,000,000) nil par ordinary shares (2015: 20p each)	—	40,000,000
200,000,000 (2015: 200,000,000) redeemable “B” shares of nil par each (2015: 1p each)	—	2,000,000

Allotted, called up and fully paid:

	<i>Ordinary shares No.</i>	<i>Ordinary shares £</i>
1 July 2015	9,830,300	1,966,060
Additions	12,740,035	509,601
Conversion of share premium account	—	551,560
At 30 June 2016	<u>22,570,335</u>	<u>3,027,221</u>

On 14 December 2015, the Company raised further capital in the form of a subscription in conjunction with an open offer. The Subscription raised £240,000 before expenses with 6,000,000 ordinary shares at 4 pence per share. The open offer raised £269,601 before expenses with 6,740,035 ordinary shares at 4 pence per share.

There were no redemptions of share issues during the year ended 30 June 2016.

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

	<i>Share Premium Account £</i>	<i>Share option Account £</i>
1 July 2015	551,560	349,906
Conversion to Nil Par value shares	(551,560)	—
At 30 June 2016	<u>—</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.

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.

As at 30 June 2016, options were outstanding over 1,650,000 (2015: 1,650,000) ordinary nil par shares, with a weighted average exercise price of 20p (2015: 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 (2015: nil) options were exercised and £nil (2015: £nil) of the option reserve was released to share premium.

During the year, as part of the open offer, the Company converted its nominal and issued share capital to nil par value. As a consequence of the re-designation of the shares as nil par value, the Company has transferred the amount of the share premium account to share capital.

11. Financial Risk

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

a) Market Risk*i) Foreign exchange risk*

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

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.

Westmount Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

11. Financial Risk (*continued*)

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

	<i>Fair Value</i>
Fair Value Through Profit or Loss, as at 30 June 2016	216,299
Fair Value Through Profit or Loss, as at 30 June 2015	536,821

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 £32,445/(£32,445) (2015: £80,523/(£80,523)). 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 0.5% (2015: 1%) would cause the Company's net financial assets to increase by £2,014 (2015: £73). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount. 0.5% 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 2016

	<i>Up to 1 year £</i>	<i>Over 1 year £</i>	<i>Non-interest bearing £</i>	<i>Total £</i>
Assets				
Other receivables	—	—	10,023	10,023
Cash and cash equivalents	402,716	—	—	402,716
	<u>402,716</u>	<u>—</u>	<u>10,023</u>	<u>412,739</u>
Liabilities				
Trade and other payables	—	—	31,387	31,387
	<u>—</u>	<u>—</u>	<u>31,387</u>	<u>31,387</u>

As at 30 June 2015

	<i>Up to 1 year £</i>	<i>Over 1 year £</i>	<i>Non-interest bearing £</i>	<i>Total £</i>
Assets				
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>
Liabilities				
Trade and other payables	—	—	31,760	31,760
	<u>—</u>	<u>—</u>	<u>31,760</u>	<u>31,760</u>

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:

	2016 £	2015 £
Financial assets at fair value through profit or loss	216,299	536,821
Other receivables	10,023	9,721
Cash and cash equivalents	402,716	7,291
	<u>629,038</u>	<u>553,833</u>

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

c) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's primary source of liquidity consists of cash and cash equivalents and financial assets held at fair value through profit or loss. The Company's financial assets at fair value through profit or loss are 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 2016

	<i>Up to</i> <i>3 months</i> £	<i>Up to</i> <i>1 year</i> £	<i>Over</i> <i>1 year</i> £	<i>Total</i> £
Financial liabilities				
Accrued expenses	31,387	—	—	31,387
	<u>31,387</u>	<u>—</u>	<u>—</u>	<u>31,387</u>

As at 30 June 2015

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

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

	<i>2016</i> <i>Directors'</i> <i>fees</i> £	<i>2015</i> <i>Directors'</i> <i>fees</i> £	<i>2016</i> <i>Options</i> <i>outstanding</i> £
D R King	12,000	14,750	—
M Bradlow	8,000	8,000	550,000
G Walsh	—	—	500,000
T O'Gorman	—	—	500,000
P J Richardson (resigned 9 January 2015)	—	4,000	50,000
	<u>20,000</u>	<u>26,750</u>	<u>1,600,000</u>

At the year end the Company owed £3,000 (2015: £1,000) in outstanding directors' fees.

No share options were issued during the year ended 30 June 2016 (2015: nil) and nil (2015: nil) 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 Stonehage Fleming Corporate Services Limited. During the year fees totalling £46,792 (2015: £nil) were paid to Stonehage Fleming Corporate Services Limited of which £22,287 (2015: £nil) was outstanding at the year end.

Stonehage Fleming Corporate Services Limited was appointed as Company Secretary on 17 September 2015. The previous Company Secretary was Crestbridge Corporate Services Limited. During the year fees totalling £nil (2015: £46,471) were paid to Crestbridge Corporate Services Limited of which £nil (2015: £12,360) 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. Subsequent Events

On 15 November 2016, the market value of the investments that were held at 30 June 2016 was £182,954, 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.

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 20 December 2016 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 by conference call may contact the Company via their website (www.westmountenergy.com) to arrange dial-in details.

Ordinary business of the Company:-

1. To receive the Company's financial statements for the year ended 30 June 2016 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.

By order of the Board

Stonehage Fleming Corporate Services Limited

Secretary

Registered office:

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

Notes

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his stead. Such proxy need not be a member of the Company.
- (ii) A Form of Proxy is enclosed which, to be effective, must be completed and deposited (together with the power of attorney or other authority, if any, under which it is signed or a copy thereof certified notarially) with Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by not less than 48 hours, excluding non-business days, before the time fixed for holding the meeting. Completion and return of the Form of Proxy does not preclude a shareholder from attending and voting in person at the meeting.
- (iii) The Company, pursuant to the Companies (Uncertificated Securities) (Jersey) Order 1999 and its articles of association, specifies that only those shareholders holding nil par value ordinary shares in the Company and entered on the register of members of the Company as at close of business on 16 December 2016 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of such shares registered in their name at that time. Changes to entries on the relevant register of securities after close of business on 16 December 2016 shall be disregarded in determining the rights of any person to attend or vote at the meeting.