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Fundamental Research Corp.
Investment Analysis for Intelligent Investors

April 30, 2014

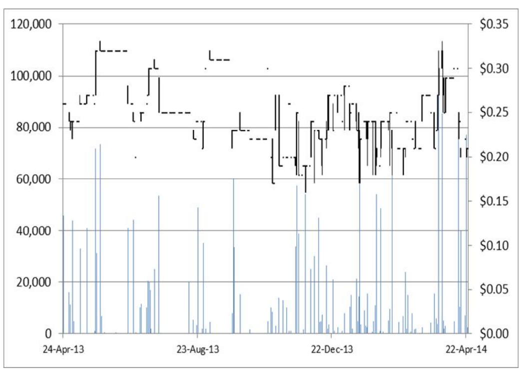
West Mountain Capital Corp. (TSXV: WMT) – Completes Jereh Financing

Sector/Industry: Environmental Services **www.westmountaincapital.com**

Market Data (as of April 30, 2014)

Current Price	C$0.22
Fair Value	**C$0.62**
Rating*	**BUY**
Risk*	**4 (Speculative)**
52 Week Range	C$0.16– C$0.33
Shares O/S	53.37 mm
Market Cap	C$11.47 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	6.4x
YoY Return	-10.4%
YoY TSX-V	3.9%

*see back of report for rating and risk definitions



Investment Highlights

- Reported $1.96 million in revenues in 2013. Our estimate was $2.06 million.
- WMT processed 22,001 tonnes in FY2013, and received $83 per tonne.
- In March 2014, the company received a Letter of Intent ("LOI") from Dadi for the treatment of another 70,000 – 100,000 tonnes of soil. The receipt of the LOI, we believe, is a major vote of confidence on WMT's TPS units.
- The start date of the oily sludge treatment facility in Zhoushan, with Nahai, has been pushed to Q2-2014.
- Fabrication of the TPS unit, for the sub-contract with Huafu, in Changqing, was completed in October 2013. WMT believes they will be able to commission the unit in Q2-2014.
- In March 2014, WMT closed the transaction with Jereh Energy. Jereh invested US$7 million in WMT, which included $4.18 million in equity, and US$3 million in convertible bonds. This financing, we estimate, will lower WMT's debt to capital from 63% at the end of 2013, to 38%.
- The President, and the Vice President of Jereh, were appointed as directors of WMT.
- Overall, we are pleased to see WMT partnering with a big player such as Jereh. The partnership should enable WMT to expand quickly in China.

Key Financial Data (FYE - December 31) (C $)	2011	2012	2013	2014E	2015E
Cash	1,788,645	162,499	497,144	3,612,559	54,223
Working Capital	1,908,653	(547,920)	(2,197,017)	3,430,323	11,026
Total Assets	6,395,652	4,728,586	5,399,451	8,814,894	9,195,360
Revenues	1,608,990	257,528	1,962,926	3,401,993	4,808,929
Net Income	(1,699,398)	(1,839,813)	(2,338,338)	(1,908,696)	(1,631,073)
EPS	-0.03	-0.05	-0.06	-0.04	-0.03

West Mountain Capital is in the business of thermal treatment of soil, sludge and other waste streams. Currently, the company's focus is on penetrating China's contaminated soil, oily sludge and industrial sludge treatment markets.

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$1.96M in revenues in 2013

WMT reported $1.96 million in revenues in 2013, slightly lower than our $2.06 million estimate. 2012 revenues were $0.26 million. The following table shows segmented revenues and gross margins.

	2012	2013
China		
Revenues	$105,300	$1,844,243
COGS (excl amortization)	$87,920	$897,816
Gross Margin	17%	51%
Canada		
Revenues	$152,228	$118,693
COGS (excl amortization)	$296,223	$732,812
Gross Margin	-95%	-517%
Total Revenues	**$257,528**	**$1,962,936**
COGS (excl amortization)	$384,143	$1,630,628
Gross Margin	-49%	17%

94% of revenues came from China. In Q4-2013, the company processed 5,869 tonnes of soil. The company processed a total of 22,001 tonnes in FY2013. Revenues per tonne were $83 per tonne.

In March 2014, the company announced it received a LOI from Dadi regarding a subcontract ("Phase II") for the treatment of another 70,000 – 100,000 tonnes of soil. The contract is expected to be signed this month. Dadi's head contract is for 160,000 tonnes. The current operations (Phase I) are for 33,000 tonnes, of which, 24,785 tonnes were treated as of December 31, 2013. WMT had originally signed the contract with Dadi in cooperation with NIES (Nanjing Institute of Environmental Science, Ministry of Environmental Protection). The intent then was for WMT and NIES to form a 50:50 partnership. However, that plan was scrapped subsequently, as NIES, being a government entity, is restricted from owning equity in private ventures. Therefore, WMT receives 100% of the revenues from the Dadi contract.

WMT intends to use a 100,000 tonne capacity unit for Phase II. Our discussions with management indicated that Jereh is likely to manufacture and finance the manufacturing of the unit. Further details remain undisclosed.

Update on other agreements:

Oily Sludge Treatment in Zhoushan with Nahai: - The start date has been pushed from Q1-2014 to Q2-2014 now. As mentioned in our previous updates, the facility is designed to process 50,000 tonnes per year of oily sludge. WMT has a 30% interest in the joint venture. Management indicated that the joint venture expects to process approximately 9,000 tonnes in 2014.

Industrial Sludge Treatment, a sub-contract agreement with Huafu Environmental Engineering Company in Changqing – Fabrication of the TPS unit was completed in

October 2013. WMT believes they will be able to commission the unit in Q2-2014. Our discussions with management indicated that they expect to process 2,500 tonnes of industrial sludge in 2014.

Revenue forecasts – Our revised models estimate the company will process the remaining 5,215 tonnes of Phase I by May 2014. For the full year, we estimate 48,500 tonnes, assuming the company will receive the Phase II contract from Dadi. Our revised revenue forecast is $3.40 million versus our previous estimate of $4.71 million. Our previous forecast was higher as we expected Phase II, and the Zhoushan operations, to commence sooner. We introduce our FY2015 estimate in this report, which is $4.81 million. Note that these estimates are very preliminary as details on the company's partnership with Jereh are yet to be disclosed.

EPS Estimates

The following table shows the company's margins. The company reported gross margins of 17% in FY2013, slightly lower than our 18% estimate.

Margins	2012	2013	Environmental and Facilities Services Industry
Gross	-49.17%	16.93%	21.70%
EBITDA	-476.93%	-70.36%	14.30%
EBIT	-684.73%	-106.86%	10.60%
EBT	-703.61%	-116.71%	
Net	-714.41%	-119.13%	4.70%

EBITDA was negative $1.38 million. Net loss in 2013 was $2.34 million (EPS: -$0.06). Our estimate was $2.08 million (EPS:-$0.05). Our forecast for 2014 is a net loss of $1.91 million (EPS: -$0.04) versus our previous estimate of $1.07 million (EPS: -$0.03). Our FY2015 estimate is a net loss of $1.63 million (EPS: -$0.03).

Free cash flows (FCF) in 2013 were negative $2.47 million versus negative $1.95 million in FY2012.

Summary of Cash Flows	2011	2012	2013
Cash Flows from Operations	(1,546,679)	(1,032,619)	(1,468,380)
Cash Flows from Investing	(1,307,953)	(928,026)	(1,000,619)
Cash Flows from Financing	7,999	334,499	2,788,689
Net Change	(2,846,633)	(1,626,146)	319,690
Free Cash Flows	(2,799,202)	(1,945,195)	(2,465,755)

At the end of 2013, WMT had $0.50 million in cash. Working capital and the current ratio were negative $2.20 million and 0.2x, respectively. The following table summarizes WMT's liquidity position.

Liquidity Analysis	2011	2012	2013	Environmental and Facilities Services Industry
Cash	$1,788,645	$162,499	$497,144	
Working Capital	$1,908,653	(547,920)	-$2,197,017	
Current Ratio	3.68	0.37	0.23	1.4
Debt / Capital	1.9%	10.6%	62.8%	11.3%
EBIT Interest Coverage Ratio	(85.8)	(36.3)	(10.8)	2.4

The negative working capital was because all of the company's bank loans were categorized as current liabilities. Debt to capital increased from 11% at the end of 2012, to 63% by the end of 2013, as the company took out $2 million in bank loans, and completed a debenture financing of $0.79 million in 2013.

Jereh Investment

In March 2014, WMT closed the transaction with Jereh Energy (Shenzhen: 002353, Market Capitalization: US$6.75 billion). Details of the transaction were discussed in our previous update reports. Jereh invested US$7 million in WMT, which included – 15,474,074 shares @ $0.27 per share for $4.18 million, and a 6.5% secured convertible bond for US$3 million. WMT will use a portion of these proceeds to pay off its bank loan ($2.4 million). **We estimate this financing brings the company's debt to capital to 38%.**

The President and the Vice President of Jereh were appointed as directors of WMT. WMT and Jereh will form a joint venture. WMT will contribute $0.30 million for a 30% interest in the venture, which will focus on remediation services to the oil and gas industry.

Stock Options

At the end of 2013, the company had 3.79 million stock options, with a weighted average exercise price of $0.23 per share, and 2.47 million warrants with an exercise price of $0.32 per share, outstanding. Approximately 0.66 million options are currently in the money.

Valuation & Rating

Our Discounted Cash Flow (DCF) valuation dropped from $0.70 to $0.62 per share as we lowered our EPS estimates, and due to share dilution from the recent financing with Jereh. Although the Jereh investment contributed to the drop in our fair value estimate, we believe the company's partnership with Jereh, will enable WMT to execute and expand its operations in China at a much a faster pace than previously expected. The Jereh investment also lowered WMT's debt on its balance sheet.

We expect catalysts for WMT's shares to be if and when the company receives the contract for Phase II from Dadi, and operations start at Zhoushan and Changqing.

Rating

We maintain our BUY rating (risk: 4) and lower our fair value from $0.70 to $0.62.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- Due to the end of the regulatory deadline for the removal of PCB soil stockpiles, Canada's PCB soil treatment market is slow, and we do not expect any significant revenues from this market in the near future.
- Regulations requiring environmental protection/cleanup are key for the company's long-term growth.
- Old incineration techniques have been the most popular methods for treatment of contaminated soil in China, and are more cost effective compared to TPS.
- Although WMT has three strategic agreements in China, the company is still new to the market.
- Huafu has yet to sign the head contract with its client.
- WMT's license to use TPS technology expires in 2019.
- Access to capital and share dilution.

Appendix

STATEMENTS OF OPERATIONS (in C$)	2011	2012	2013	2014E	2015E
Sales	1,608,990	257,528	1,962,926	3,401,993	4,808,929
COGS	1,528,592	384,143	1,630,628	2,262,188	3,233,571
Gross Profit	**80,398**	**(126,615)**	**332,298**	**1,139,805**	**1,575,357**
Expenses					
G&A	1,167,859	1,065,439	1,713,363	1,790,464	1,879,988
Stock-based compensation	387,697	36,187		170,100	240,446
Bad Debt	15,855				
EBITDA	**(1,491,013)**	**(1,228,241)**	**(1,381,065)**	**(820,759)**	**(545,077)**
Amortization	551,547	535,126	716,427	807,436	844,996
EBIT	**(2,042,560)**	**(1,763,367)**	**(2,097,492)**	**(1,628,196)**	**(1,390,073)**
Interest & Bank Charges	23,804	48,634	193,481	280,500	241,000
EBT	**(2,066,364)**	**(1,812,001)**	**(2,290,973)**	**(1,908,696)**	**(1,631,073)**
Exchange rate and others	20,966	(27,812)	(77,865)		
Gain from sales of the assets	35,000				
EBT	**(2,010,398)**	**(1,839,813)**	**(2,368,838)**	**(1,908,696)**	**(1,631,073)**
Discontinued operations, net of income taxes					
Income Taxes	311,000	-	(30,500)	-	-
Net Earnings for the period	**(1,699,398)**	**(1,839,813)**	**(2,338,338)**	**(1,908,696)**	**(1,631,073)**

BALANCE SHEETS (in C$)	2011	2012	2013	2014E	2015E
Assets					
Cash and cash equivalents	1,788,645	162,499	497,144	3,612,559	54,223
Cash held by Joint venture	225,000			-	-
Accounts receivable	249,926	115,178	161,248	253,230	357,956
Income tax receivable	311,000	-	-	-	-
Assets related to discontinued operations	-	-	-	-	-
Prepaid Expenses and deposits	45,144	41,199	14,512	29,994	42,399
Current Assets	**2,619,715**	**318,876**	**672,904**	**3,895,783**	**454,578**
Decommissioning Funds	360,713	376,163	379,406	379,406	379,406
Property Plan and Equipment + Others	3,383,560	4,007,003	4,222,717	4,420,401	8,247,191
Intangible Asset	31,664	26,544	124,424	119,304	114,184
Total Assets	**6,395,652**	**4,728,586**	**5,399,451**	**8,814,894**	**9,195,360**
Liabilities & Shareholders' Equity					
Bank loan	30,000	405,647	2,428,678	-	-
Accounts Payables & Accrued Liabilities	648,426	436,807	430,230	465,460	443,552
Deferred Revenue					
Convertible debentures	-				-
Liabilities related to discountinued operations	-	-	-	-	-
Current Portion of Obligations Under Capital Lease	32,636	24,342	11,013	-	
Income Tax payable					
Current Liabilities	**711,062**	**866,796**	**2,869,921**	**465,460**	**443,552**
Obligations under capital lease	43,867	11,013	-		
Convertible debentures			587,189	4,210,000	3,402,250
Debentures Embedded Derivative				-	
Shareholders' loans					
Long-term debt				-	-
Asset retirement obligation	136,791	150,471	150,471	150,471	150,471
Shareholder's Equity					
Share Capital	7,452,298	7,452,298	7,452,298	11,387,987	13,988,737
Contributed surplus	678,331	714,518	1,144,420	1,314,520	1,554,966
Equity component of convertible debentures					
Deficit	(2,626,697)	(4,466,510)	(6,804,848)	(8,713,544)	(10,344,616)
Total Liabilities & Shareholders' Equity	**6,395,652**	**4,728,586**	**5,399,451**	**8,814,894**	**9,195,360**

STATEMENTS OF CASH FLOWS

(in C$)	2011	2012	2013	2014E	2015E
Operating Activities					
Net earnings for the period	(1,699,398)	(1,839,813)	(2,338,338)	(1,908,696)	(1,631,073)
Items not involving cash					
Amortization	551,547	532,947	845,143	807,436	844,996
Gain on settlements of debentures	(35,000)				
Stock-based compensation	387,697	36,187	-	170,100	240,446
Gain or Loss on embedded derivative			47,725		
Deferred income tax			(49,500)		
Accretion expense – Debentures				280,500	241,000
	(795,154)	**(1,270,679)**	**(1,494,970)**	**(650,660)**	**(304,630)**
Changes in non-cash operating working capital	(751,525)	238,060	26,590	(72,235)	(139,039)
Cash prvided by (used in) operating activities	**(1,546,679)**	**(1,032,619)**	**(1,468,380)**	**(722,894)**	**(443,669)**
Cash from (used in) operations	**(1,546,679)**	**(1,032,619)**	**(1,468,380)**	**(722,894)**	**(443,669)**
Financing activities					
Proceeds from bank loan	25000	375,647	2,023,031	(2,428,678)	
Bank loan					
Payment of capital lease obligations	(44,501)	(41,148)	(24,342)	(11,013)	
Payment of promissory note payable					
Proceeds from capital lease obligations					
Proceeds from long-term debt					
Proceeds (repayment) of debentures - net	-		790,000	3,100,000	(948,000)
Proceeds from finance lease obligations				-	
Proceeds from issurance of common share and excersice of stoc	27,500	-		4,178,000	2,500,000
Cash provided by (used in) financing activities	**7,999**	**334,499**	**2,788,689**	**4,838,309**	**1,552,000**
Investing activities					
Increase in restricted cash	(55,430)	(15,450)	(3,244)		
Cash Advanced to Join Venture	(225,000)		(683,289)		
Purchase of capital assets	(1,062,523)	(912,576)	(194,086)	(1,000,000)	(4,666,667)
Others	35,000		(120,000)		
Cash used in investing activities- continuing operations	**(1,307,953)**	**(928,026)**	**(1,000,619)**	**(1,000,000)**	**(4,666,667)**
Cash provided by investing activities- discontinued operations					
Cash provided by (used in) investing activities	**(1,307,953)**	**(928,026)**	**(1,000,619)**	**(1,000,000)**	**(4,666,667)**
Increase (decrease) in cash	(2,846,633)	(1,626,146)	319,690	3,115,415	(3,558,336)
Cash beginning of period	4,635,278	1,788,645	162,499	497,144	3,612,559
FOREX			14,955		
Cash end of period	**1,788,645**	**162,499**	**497,144**	**3,612,559**	**54,223**

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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