

Widespread Energy Limited

Interim Report

Six months to 30 September 2009

Financial Result

Your directors submit the unaudited financial statements of Widespread Energy Limited for the six months to 30 September 2009. The trading result for the period was a loss of \$29,000 (2008 loss \$78,000). An analysis of the result is provided in the table below

	Six months to 30 Sept 2009 (\$,000)	Six months to 30 Sept 2008 (\$,000)
Income	29	22
Expenses	(58)	(100)
Net Profit (loss) before income tax	(29)	(78)
Income tax	-	-
Net profit (loss) after tax	(29)	(78)

The reduced reported deficit for the six months to 30 September 2009 reflected a lower level of activity in the work programmes for our two directly held petroleum exploration permits – PEP 38526 at Kotuku (near Lake Brunner) and PEP 50439, offshore west coast of the South Island.

In both cases first stage work programme commitments have been met and reported to Crown Minerals. Planning for second stage work programmes is presently underway.

Operations Review

Widespread Energy holds the following investments:

- Petroleum exploration permit (PEP)38526 over the prolific oil seeps at Kotuku on the West Coast (100%)
- PEP 50439 covering an area of 1,313 km², off the West Coast of the South Island between Hokitika and Punakaiki (100%)
- An application for an offshore prospecting permit covering an area of 3,048 km² on the central Chatham Rise that includes significant seabed deposits of rock phosphate and other potentially valuable minerals. (90% Widespread Energy, 10% Widespread Portfolios)
- An 11.8% interest in Green Gate Limited, the holder of PEP 51150 in Taranaki.
- An investment in Akura Limited, a Fiji based private company, which holds three Petroleum Exploration Licenses in Fiji, predominantly offshore.

PEP 38526 - Kotuku

PEP 38526 is located north of Lake Brunner, on the West Coast, South Island. The permit covers the northern half of the Kotuku Structure and a significant portion of

the associated Grey Valley Trough. PEP 38526 continues to be an extremely prospective block having a long history of petroleum exploration. Migration of hydrocarbons from a mature kitchen (oil generation) area has been proven by the seeps near Kotuku. The presence of these seeps have however tantalised and frustrated explorers for more than a century. This has resulted in a rich and diverse database of both seismic and well data.

Lower Hutt based GeoSphere Ltd was retained in 2007 by Widespread Energy to undertake the work programme as a first stage of exploration for oil and gas in PEP 38526.

In September 2008 Geosphere completed the year-one work programme for Kotuku and reported the results to Crown Minerals.

This work programme has led to the identification of the following new leads:

1. Untested Eocene sands and Cobden Limestone closures at the crest of the faulted Kotuku structure.
2. An Eocene structural lead in the north west corner of the permit near Dobson.
3. Early Miocene leads near Kokiri-1.
4. A Late Cretaceous coal seam gas fairway on the flanks of the Kotuku Anticline.

Further geophysical exploration is likely to be undertaken in the next stage of work although another option under consideration is to drill one or more exploratory wells.

PEP 50439 – Offshore West Coast.

On 6 March 2008 Widespread Energy Ltd was granted a Petroleum Exploration Permit covering an area of 3,269 km², off the West Coast of the South Island between Hokitika and Punakaiki.

PEP 50439 was granted for an initial term of five years, subject to the staged work programme tendered by Widespread Energy. GeoSphere Ltd was contracted by Widespread Energy Limited to conduct the majority of the geological and geophysical investigations.

During the first 12 months, this work programme involved:

1. Reprocessing of 200km of seismic data into a digital form that can be integrated with the existing digital data set
2. Mapping of selected geological horizons
3. Investigation of thermal history to ascertain the timing and quantity of oil and gas generation, and

4. The development of an inventory of exploration leads and prospects.
5. Compilation of a report which was submitted to Crown Minerals in May 2009.

In March 2009, Widespread Energy applied to reduce the licence area of PEP 50439 from 3,269 square kilometres to 1,313 square kilometres. The relinquishment of the northern and further offshore area of PEP 50439 resulted from the evaluation of existing seismic data and other studies undertaken by Geosphere on behalf of Widespread Energy. This work confirmed the prospectivity in the portion of PEP 50439 which Widespread retained.

In the PEP 50439 area retained five main reservoir targets are considered as being of suitable reservoir quality to potentially contain hydrocarbon accumulations.

1. Sandstones within the Brunner Coal Measures
2. Base Eight Mile Formation Callaghans Greensand Member
3. Upper Blue Bottom Group basin floor fan sediments
4. Takutai Half-Graben fill deposits of the Pororari Group
5. Sandstones within the Paparoa Coal Measures deposited in the Takutai Half-Graben.

Last month Widespread Energy filed an application with Crown Minerals to extend its existing offshore licence PEP 50439 onshore.

The application proposed to extend the area of PEP 50439 eastwards to incorporate a small onshore area that has just been relinquished at the expiry of the first term of the adjoining PEP 38521, and an already-open area northward. The area of PEP 50439, following the extension sought, will increase by approximately 251 km² to 1,564 km².

The extension sought arises from a re-oriented focus on the eastern, coastal, part of the permit in conjunction with the recent partial relinquishment of the more distant part. By including the adjacent onshore area, any transition zone seismic survey will be able to cross the shoreline and tie one or more well locations, which will substantially improve the ability to tie the offshore seismic data which delineate the leads and prospects identified by the Year One work programme.

In addition, Widespread will carefully review the work conducted under PEP 38521 to form an independent opinion as to the prospectivity of the inferred biogenic gas fairway along the Marsden-Kumara structural trend.

It is anticipated that a joint venture would be formed to fund and conduct subsequent work including seismic acquisition and exploration drilling, which needs to be undertaken within three years in order for the permit to remain in force.

Chatham Rise Phosphorites (rock phosphate, P₂O₅)

In August 2007 a consortium comprising Widespread Energy (90%) and associated company Widespread Portfolios (10%), applied for an offshore prospecting permit covering an area of 3,048 km² on the central Chatham Rise. The area encompassed by the permit is located 600 km east of Christchurch and includes significant seabed deposits of rock phosphate and other potentially valuable minerals.

At the time of writing the licence grant process (which has already taken over 26 months compared with the norm of 6 weeks to three months) is stalled as Crown Minerals officials attempt to use our licence application as a test case to rewrite the law and practice relating to the grant of mineral prospecting licences. The opportunity cost to the New Zealand economy of this totally unnecessary delay (given the import substitution and reduced fertiliser cost benefits potentially arising from our project) of the flat-earth-society approach being taken by Crown Minerals is huge. It's also been tangibly injurious to the stakeholders in both Widespread Energy and our associate Widespread Portfolios Limited.

Background

Extensive exploration conducted in the 1970s and 1980s by NZ and German private and public sector interests indicated the potential for economic concentrations of phosphorite on the Chatham Rise. Although significant sample quantities were gathered during these exploration programmes, no historical production has occurred from this region.

Recent increases in the market value of rock phosphate (from US\$50/tonne to a peak of US\$400 in the last 24 months) mean profitable exploitation of this marine mineral deposit is now more likely to be feasible.

At present virtually all of the rock phosphate used by the New Zealand fertiliser industry is imported from Morocco, with rapidly increasing transport costs arising from oil price increases adding to the local landed costs of this product.

In these circumstances the existence of a New Zealand centred resource, if it can be mined economically, would benefit all stakeholders in the fertiliser industry and also reduce the degree to which the New Zealand agriculture sector is becoming increasingly exposed to increasing oil prices.

Published reports arising from the 1980s exploration programmes indicate that the phosphorite resource may exceed 100 million tonnes. The phosphorite occurs in nodules that also contain a number of other potentially valuable substances, including rare earth minerals and fluorine.

Possible Project Economics

In order to better understand the potential value of this mineral asset, assuming it were mined, preliminary feasibility studies have been undertaken by Widespread Energy, based on the following assumptions:

1. A probable reserve of 14 million tonnes of P₂O₅ exists in a well defined section of the license area under application.
2. This is mined at a rate of 500,000 tonnes a year to replace 50% of P₂O₅ presently imported.
3. Mining and local transport costs are \$US 85 tonne of P₂O₅ compared with imported P₂O₅ costing \$US 200 per tonne ex Morocco plus \$US 120/t shipping cost, i.e. \$US 320 c.i.f. in New Zealand.
4. Capital Costs are \$US 300 million.

Based on these raw assumptions the project could generate annual cost savings of \$US 55 million (\$NZ 74.1 million) to New Zealand farmers compared with importing P₂O₅ from Morocco.

When the prospecting licence is granted the work programme for the first 12 months will commence immediately. It includes, inter alia, a literature review of reports arising from previous phosphorite exploration in the license area, digitisation and re-analysis of data collected at that time, and a pre-feasibility study focusing on the project economics.

If the results of this work are promising, an early start will be made to the year two programme, which will involve extensive sampling aimed at reserve definition. This accelerated work programme will require further capital to be raised by Widespread Energy. Given the many expressions of interest received to date, sourcing this capital post licence grant presently appears to be feasible.

Green Gate Limited

Green Gate was established as a private oil and gas exploration company in 2003, and built up a promising portfolio of South Island focused petroleum exploration permits in North Canterbury, Murchison and the Solander/Great South Basin as well as a one third interest in PEP 51150 in Taranaki.

However, falling oil prices and difficult equity market conditions have severely hampered Green Gate's exploration strategy and the company now holds only one PEP, a 100% interest in PEP 51150.

At 374.2 km², on-shore PEP 51150 in South Taranaki is one of the larger blocks granted and is surrounded by producing oil and gas fields – Kapuni to the west, Cheal and

Waihapa to the north, Kauri to the southeast and the offshore Kupe mining permit (under development) to the south.

Green Gate has identified a number of prospects in the course of its pre-bid study and is presently expected, subject to rig availability, to drill an exploration well in the second quarter of 2010.

Akura Limited

Widespread Energy continues to hold a small investment in Akura Limited, a Fiji based private company, which has recently been granted three Petroleum Exploration Licences by the Mineral Resources Department of Fiji. These cover an area of 17,667 square kilometres, most of this being offshore of Fiji. Notwithstanding the grant of these permits, the political landscape in Fiji is such that Widespread Energy will not contemplate investing further in Akura until Fiji's interim government has achieved greater international acceptance than it has at present.

Outlook

As Widespread Energy has no sources of income (apart from interest bearing cash deposits) a trading loss is anticipated for the year to 31 March 2010 as the company continues to invest in the Chatham Rise rock phosphate project and the work programmes for our two directly held petroleum exploration permits.

For and on behalf of the Board,

Keith T Hindle
Chairman

Chris D Castle
Director

Onekaka

16 November 2009

NZX Format Result Summary

Widespread Energy Limited

Half year ended 30 September 2009

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited accounts.

CONSOLIDATED OPERATING STATEMENT

NZ\$'000: Current period; Previous corresponding period

Total operating revenue: 29; 22

OPERATING SURPLUS (DEFICIT) BEFORE UNUSUAL ITEMS AND TAX: (29); (78)

Unusual items for separate disclosure: Nil

OPERATING SURPLUS (DEFICIT) BEFORE TAX: (29); (78)

Less tax on operating profit: Nil

OPERATING SURPLUS (DEFICIT) AFTER TAX BUT BEFORE MINORITY INTERESTS: (29); (78)

Less minority interests: Nil

Equity earnings: Nil

OPERATING SURPLUS (DEFICIT) AFTER TAX ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER: (29); (78)

Extraordinary items after tax attributable to Members of the Listed Issuer: Nil

OPERATING SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER: (29); (78)

Earnings per share: (0.1696); (0.5008)

Interim/Final/Special Dividend: Nil

Record Date: n/a. Date Payable: n/a

Imputation tax credit on latest dividend: n/a

This announcement is in relation to the half year to 30 September 2009.

■ Widespread Energy Limited will lodge with the NZX and send to holders its Interim Report once completed.

Widespread Energy Limited

Interim Accounts

For the six months ended 30 September 2009

Directory

As at 30 September 2009

Directors	Keith T Hindle (Chairman) Chris D Castle Jill E Hatchwell Linda J Sanders
Registered office	The Sandspit SH 60 Onekaka Golden Bay
Share registry	Link Market Services 138 Tancred Street Ashburton
Auditors	WHK 45 Knights Road Lower Hutt
Legal advisers	Quigg Partners Level 7, 28 Brandon Street Wellington

Income Statement

For the period ended 30 September 2009

	unaudited <i>30 Sept 09</i> \$	unaudited <i>30 Sept 08</i> \$	audited <i>31 March 09</i> \$
<u>Revenue</u>	6,000	-	-
<u>Net Finance Income</u>	23,145	22,158	35,275
<u>Less Expenses</u>	57,872	100,061	172,311
<u>Exploration Costs Written Down</u>	-	-	106,678
<u>Impairment on Investments</u>	-	-	272,400

Widespread Energy Limited

<u>Net Surplus (Deficit) Before Tax</u>	(28,727)	(77,903)	(516,114)
Less Taxation	-	-	-
<u>Net Surplus (Deficit) After Tax</u>	(28,727)	(77,903)	(516,114)
Basic Earnings per share (cents)	(0.1696)	(0.5008)	(3.1773)
Diluted Earnings per share (cents)	(0.0870)	(0.2574)	(1.6315)

Statement of Changes in Equity

For the period ended 30 September 2009

	unaudited 30 Sept 09 \$	unaudited 30 Sept 08 \$	audited 31 March 09 \$
<u>Opening Equity</u>	963,974	1,206,278	1,206,278
<u>Total Recognised Revenues and Expenses</u>			
Net Surplus/(Deficit) for the Period	(28,727)	(77,903)	(516,114)
<u>Contributions From Owners</u>			
Shares Issued	-	273,810	273,810
	-	273,810	273,810
<u>Closing Equity</u>	935,247	1,402,185	963,974

Balance Sheet

As at 30 September 2009

	unaudited 30 Sept 09 \$	unaudited 30 Sept 08 \$	audited 31 March 09 \$
--	-------------------------------	-------------------------------	------------------------------

Current Assets

Widespread Energy Limited

Cash on Hand	256,139	548,233	343,985
Trade & Other Receivables	11,782	28,349	24,550
Advance to Widespread Limited	-	766	490
Prepayments	6,750	5,250	1,750
Current Tax Assets	9,431	16,009	17,606
	284,102	598,607	388,381
<u>Non-Current Assets</u>			
Investments	336,812	509,212	336,812
Intangible Assets	320,279	309,827	286,760
NZX Bond	15,000	15,000	15,000
	672,091	834,039	638,572
Total Assets	956,193	1,432,646	1,026,953
Equity			
Share capital	1,698,672	1,698,672	1,698,672
Accumulated losses	(763,425)	(296,487)	(734,698)
Total equity attributable to equity holders of the Company	935,247	1,402,185	963,974
Total equity	935,247	1,402,185	963,974
Liabilities			
Trade & Other Payables	20,946	30,461	62,979
Total liabilities	20,946	30,461	62,979
Total equity and liabilities	956,193	1,432,646	1,026,953

Statement of Cash Flows

For the period ended 30 September 2009

	unaudited 30 Sept 09 \$	unaudited 30 Sept 08 \$	audited 31 March 09 \$
<u>Cash flows from Operating Activities</u>			
Cash Received from Customers	6,000	-	-
Net Interest Received	11,064	14,804	25,208
Cash Paid to Suppliers	(95,024)	(255,490)	(144,538)

Widespread Energy Limited

Exploration Expenditure	(33,519)	-	(225,880)
Tax Refund Received	11,371	-	-
Net cash from Operating Activities	(100,108)	(240,686)	(345,210)
<u>Cash flows from Investing Activities</u>			
Proceeds from Related Parties	490	-	276
Proceeds from Sale of Shares	22,014	15,043	15,043
Purchase of Investments	(10,242)	-	(100,000)
Net cash from Investing Activities	12,262	15,043	(84,681)
<u>Cash flows from Financing Activities</u>			
Proceeds from Issue of Shares	-	273,810	273,810
Net cash from Financing Activities	-	273,810	273,810
<u>Net Increase in Cash Balances</u>	(87,846)	48,167	(156,081)
<u>Opening Cash As At 1 April</u>	343,985	500,066	500,066
<u>Closing Cash As At 31 March</u>	256,139	548,233	343,985

Statement of Cash Flows

For the period ended 30 September 2009

	unaudited 30 Sept 09 \$	unaudited 30 Sept 08 \$	audited 31 March 09 \$
Reconciliation of Net cashflows from Operating Activities			
<u>Net (Deficit) as per Income Statement</u>	(28,727)	(77,903)	(516,114)
Adjustments for:			
Gains on sale of financial assets at fair value through Profit & Loss	(11,772)	(1,543)	(1,543)

Widespread Energy Limited

Unrealised change in fair value of available for sale financial assets	-	-	272,400
Change in Trade & Other Receivables	12,768	3,993	7,793
Change in Prepayments	(5,000)	(3,500)	-
Change in Current Tax Assets	8,175	(4,382)	(5,980)
Change in Trade & Other Payables	(42,033)	(15,081)	17,437
Change in Exploration Expenditure	(33,519)	(142,270)	(119,203)
<u>Net Cashflow from Operating Activities</u>	(100,108)	(240,686)	(345,210)

Notes to the Financial Statements

For the period ended 30 September 2009

These unaudited condensed interim financial statements of Widespread Energy Limited have been prepared in accordance with New Zealand Equivalent to International Accounting Standard (NZIAS) 34 Interim Financial Reporting, issued by the New Zealand Institute of Chartered Accountants. The Company is a profit oriented entity.

The Company is an issuer for the purposes of the New Zealand Financial Reporting Act 1993.

The unaudited condensed interim financial statements of the Company for the six months ended 30 September 2009 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Company's Annual Report for the year ended 31 March 2009.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Company's Annual Report for the year ended 31 March 2009 have been applied to these interim statements.

Segment Reporting

Segment information is presented in respect of the Company's business and geographical segments. The company has two business segments being investment in exploration (oil and gas) and exploration of oil and gas.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments	Investment in Exploration	Exploration	Total
--------------------------	--------------------------------------	--------------------	--------------

Widespread Energy Limited

	\$	\$	\$
30 September 2009 unaudited			
Total segment revenue	29,145	-	29,145
Total segment impairment	-	-	-
Segment result	(26,844)	(1,883)	(28,727)
Segment assets	635,914	320,279	956,193
30 September 2008 unaudited			
Total segment revenue	22,158	-	22,158
Total segment impairment	-	-	-
Segment result	(56,628)	(21,275)	(77,903)
Segment assets	1,122,819	309,827	1,432,646

Notes to the Financial Statements

For the period ended 30 September 2009

Segment Reporting continued

Business segments	Investment in	Exploration	Total
	Exploration		
	\$	\$	\$
31 March 2009 audited			
Total segment revenue	35,275	-	35,275
Total segment impairment	272,400	106,678	379,078
Segment result	(377,421)	(138,693)	(516,114)
Segment assets	740,193	286,760	1,026,953

Geographical segments

The investment segment operates in two principal geographical areas, New Zealand and Other.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of investments. Segment assets are based on the geographical location of the assets.

Geographical segments	New Zealand	Other	Total
	\$		
30 September 2009 unaudited			

Widespread Energy Limited

Interest revenue	11,373	-	11,373
Other revenue	17,772	-	17,772
Total revenue	29,145	-	29,145

Segment assets	900,981	55,212	956,193
----------------	----------------	---------------	----------------

30 September 2008 unaudited

Interest revenue	20,115	-	20,115
Other revenue	2,043	-	2,043
Total revenue	22,158	-	22,158

Segment assets	1,377,434	55,212	1,432,646
----------------	-----------	--------	-----------

31 March 2009 audited

Interest revenue	33,232	-	33,232
Other revenue	2,043	-	2,043
Total revenue	35,275	-	35,275

Segment assets	971,741	55,212	1,026,953
----------------	---------	--------	-----------