

Interim Report Directors' Report

Your directors submit the unaudited financial statements of Widespread Energy Limited for the six months to 30 September 2008.

The trading result for the period was a loss of \$78,000 (2007 loss \$94,000).

An analysis of the result is provided in the table below

	Six months to 30 Sept 2008 (\$,000)	Six months to 30 Sept 2007 (\$,000)
Income	22	26
Expenses	(100)	120
Net Profit (loss) before income tax	(78)	(94)
Income tax		
Net profit (loss) after tax	(78)	(94)

Despite the reported deficit for the six months to 30 September 2008, Widespread Energy continued to make significant progress. Operational expenditure during the period was primarily focussed on advancing our Chatham Rise rock phosphate project and on 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.

The recent share market reversals and the accompanying collapse of oil prices together mean that the climate for raising equity capital for oil exploration, particularly in frontier (i.e. non-Taranaki) New Zealand locations has evaporated.

Widespread Energy's initial response to these changed market conditions has been to reduce expenditure levels to the bare minimum required to meet work programme commitments. By doing so, the company has the resources (without raising further capital) to remain in business and keep PEP 38526 in good standing until March 2010 and PEP 50439 until March 2012. Market conditions are presently so difficult it's pointless trying to farm out future major work programme commitments, but when conditions improve this will also be undertaken.

Shareholders can rest assured that the Widespread Energy Board will not compromise the ongoing viability of the company and if neither equity finance nor farm-outs can be achieved by the respective end dates, the company will relinquish either one or both of our petroleum exploration permits.

Chatham Rise Phosphorites (rock phosphate)

This project has the potential to be the most exciting asset to be developed by the Widespread Group. A joint venture presently comprising Widespread Energy Limited (90%) and Widespread Portfolios Limited (10%) applied last year for a prospecting license over an area of 3,048 km² on the Chatham Rise, 600 km east of Christchurch. This area is believed to include significant seabed deposits of rock phosphate (also known as phosphorite) and other potentially valuable minerals.

Fletcher Challenge Corporation most recently explored the area in the early 1980s. This work followed earlier exploration programmes that included an intensive sampling programme of an area of 227 square kilometres. Based on samples taken this area is thought to contain up to 14 million tonnes of phosphorite nodules. The area was identified using seismic techniques, techniques that also indicated that similar concentrations of phosphorite nodules could exist elsewhere on the Chatham Rise seabed. Much of this prospective ground is within the Widespread application area and has the potential to contain 60 million to 200 million tonnes of rock phosphate (P₂O₅).

Initial scoping studies of a possible mining operation on only this limited area of the Chatham Rise make compelling reading.

At present the New Zealand fertiliser industry annually imports from Morocco approximately one million tonnes of rock phosphate and uses it to make a range of fertilisers including superphosphate. Although the fertiliser industry has negotiated long term supply contracts with the Moroccan suppliers that presently reflect lower prices, earlier in 2008 spot prices for rock phosphate ex Morocco reached USD 500/tonne to which freight costs of over USD 100/tonne must be added.

Although rock phosphate prices have subsequently reduced, the New Zealand based fertiliser companies, also exposed to the weakening New Zealand dollar, will likely face steeply rising rock phosphate costs as supply contracts are renewed. One, Ravensdown Fertiliser Company, has already responded to this challenge by seeking other, local possible sources including the historic Clarendon Hill deposit in Southland.

Initial estimates indicate that rock phosphate could possibly be mined on the Chatham Rise for a cost per tonne equivalent to just the cost of freighting it from Morocco. Therefore, although the Chatham Rise rock phosphate is less concentrated than the imported material it appears likely that huge cost savings could be achieved. Other advantages of mining a local source would be reduced exposure to currency risk and likely ongoing price increases, as well as a significantly reduced carbon footprint. It's also possible for the rock phosphate to be processed to derive phosphoric acid, the basic ingredient for a range of other fertilisers used in other countries.

In the circumstances it's not surprising that, despite the license not yet being granted, there has been significant and increasing local and overseas interest in our Chatham Rise project since the application was advised to shareholders and the share market some months ago.

The license, initially for a two-year period, is now expected to be granted in early 2009.

Green Gate Limited

Widespread Energy holds 11.8% of Green Gate Limited, a private oil and gas exploration company established in 2003, which has built up a portfolio of primarily South Island focused petroleum exploration permits in North Canterbury, Murchison and the Solander/Great South Basin. Green Gate (1/3) and Australian listed company GB Energy (2/3) were granted an onshore Taranaki permit in September 2008.

Market conditions are also affecting Green Gate's ability to finance the work programme commitments for the five permits it holds and the company is exploring other options. These include seeking farm in partners or surrendering some permits.

Akura Limited

Widespread Energy continues to hold a small investment in Akura Limited, a Fiji based private company, which has lodged applications for three Petroleum Exploration Licenses with the Mineral Resources Department of Fiji for a total of 17,667 square kilometres, most of this being offshore of Fiji. It is understood that these are about to be granted. Notwithstanding that, 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 2009 as the company continues to invest in the Chatham Rise rock phosphate project and the work programmes for our two petroleum exploration permits. The Company has the cash to operate at the present level of activity until March 2010. Hopefully by then market conditions will have improved and the Company will also have been able to report positive developments on one or more of our projects.

Directors

Marion Franks has advised the board that due to her personal circumstances and other time commitments she intends to resign from the board of Widespread Energy with effect from 30 November. The board intends to immediately fill this vacancy by appointing Jill Hatchwell and Linda Sanders to the board on that date.

For and on behalf of the Board,

Keith T Hindle
Chairman
Onekaka
28 November 2008

Chris D Castle
Director