



Annual Report

2011

DIRECTORS REVIEW

Operating Result for the year

The after tax operating result, including unrealised losses on the share-trading portfolio, was a record profit of \$2,783,000 (2010 \$548,000). An analysis of the trading result is provided in the table below

	Year to 31 March 11 (\$,000)	Year to 31 March 10 (\$,000)
Gains on the sale of shares	166	48
Sale of interest in Joint Venture	3,315	-
Other income	326	168
Total Income	3807	216
Loss on the sale of shares	-	(65)
Unrealised gains (losses) on trading stock	(351)	947
Operating expenses	(632)	(441)
Impairment on investments		-
Share of Widespread Energy loss	(138)	(44)
Net profit before income tax	2,662	613
Income tax	97	(65)
Net profit (loss) after tax	2,783	548

Disregarding unrealised gains and losses, the operating outcome for the year was a pre-tax profit of \$3.134 million (2010 loss of \$399,000)

Issued capital of 23,490,449 shares was unchanged during the period.

Shareholders' Funds increased during the period from \$4,838,000 to \$7,925,000 due mainly to the year's profit of \$2.783 million. This profit arose due to the sale of the 10% interest in the Chatham Rise joint venture to Chatham Rock Phosphate Limited ("CRPL" – formerly Widespread Energy Ltd) for \$3.4 million and was a most welcome collateral effect of the group re-organisation that occurred at year-end. The reasons for this reconstruction are discussed in further detail later in this report.

Valuation of Shareholding in CRPL

In this year's financial statements our 26.6% shareholding in CRPL is equity accounted which means that it appears in our list of assets with a valuation of \$3.021 million.

This is not too much out of sync with what we have paid for our investment in CRPL. WID previously held CRPL shares and options at a historic cost of approximately \$480,000, and recently acquired 4,099,627 shares @ 70.587 cents or \$2,893,804 for an all up cost of \$3.374 million.

However, a much greater distortion results from the International Financial Reporting Standards ("IFRS") parody imposed on CRPL's own reporting.

IFRS "logic" forces CRPL to value its mineral property at \$4.283 million rather than the independently supported \$34 million proposed to be adopted by the directors of CRPL. A \$34 million project valuation leads to \$34.3 million net assets for CRPL and the valuation of our 26.6% of that is therefore \$9.124 million.

The difference of \$6.1 million between that number and the present book value of the CRPL holding represents 26 cents per WID share and if added to Widespread's reported net assets would increase them to \$14 million.

This report and our ongoing regular asset backing announcements will continue to reflect the real world rather than the IFRS Noddy-land version.

Widespread Group Reconstruction

In October 2010 a decision was made to reconstruct the various assets held by the two Widespread companies (Widespread Portfolios and Widespread Energy) in order to facilitate the raising of the significant capital required to develop the Chatham Rock Phosphate project.

The logic supporting this decision was along the following lines:

- The two NZ companies that held the Chatham Rise project were thinly traded, partly because they are small and operate in a sector (mining and mineral exploration) that is unfashionable, scarcely researched and which attracts relatively few local investors.
- Further, there are no NZX listed fertiliser companies, therefore no comparable stocks, and therefore little point in trying to raise significant capital and list the project on the local market.
- In identified overseas markets the activities of minerals and fertiliser sector companies are better understood, regularly researched and form a legitimate part of many investors' portfolios.
- As a result these companies are often readily able to raise significant quantities of new capital to finance exploration and project development. In Toronto alone there are 17 listed fertiliser stocks, which collectively raised over C\$187 million in the first three months of 2011.
- These factors lead the Boards of Widespread Portfolios and Widespread Energy to conclude that the interests of both groups of shareholders would be far better served if the Chatham Rise project were to be restructured with a view to a new listing in an overseas sharemarket.

- Widespread Energy would become the dedicated vehicle for the Chatham Rise Project prior to an offshore listing occurring.
- This would require selling all other Widespread Energy investments as well as undertaking an issue of shares to Widespread Portfolios so that Widespread Energy would then hold 100% of the Chatham Rise Project.
- The key benefit of that approach was that the operations of Widespread Energy would be singularly focussed for taking to an offshore market to raise capital and a New Zealand domiciled and listed company (Widespread Portfolios) would remain a significant shareholder.

In order to complete this restructuring a number of approvals were required under the Takeovers Code, NZX Listing Rules and from Crown Minerals. Independent adviser reports were also necessary. These reports and approvals were completed and the transactions were subsequently approved on 30 March 2011 by the shareholders of both Widespread Portfolios and Widespread Energy.

As a result, Widespread increased its shareholding in Chatham Rock Phosphate Limited from 19.7% to 26.6%. The other significant outcome was the diversification by Widespread into the oil and gas sector, with direct and direct interests in four oil and gas exploration permits, one in NZ and three in Fiji.

Group Overview

Notwithstanding the group reconstruction and the exceptional trading result, it was another quiet year for Widespread Portfolios. While most of our investments showed signs of renewed or renewing fortunes we did not, with the exception of Chatham Rock Phosphate (previously Widespread Energy), play a particularly active role at their respective coalfaces. The focus in respect of most our investments was one of monitoring progress rather than making it happen.

Leaving aside **Chatham Rock Phosphate**, definitely the jewel in the crown at present and appearing at present to offer much, much more, there were several milestones achieved by group companies.

In January 2011 **Asian Minerals** raised a further CAD5.5 million at 15 cents a share when the major shareholder (collectively now called the "Tecity Group") exercised options. Combined with relatively stable nickel prices at around \$US 12/lb, this further cash inflow underwrote further development of the Ban Phuc nickel project. This project is now viable even if the 20% export tariff remains in place.

King Solomon Mines had an active field season in Inner Mongolia during 2010 with promising drilling results achieved at Bu Dun Hua and the Mudhouse prospect near Sonid Zuqoi. On the back of these results KSO recently raised \$A5.3 million and is now pursuing an active exploration programme in the short Mongolian summer window.

Glass Earth Gold is expanding its alluvial gold mining in central Otago, also successfully raised more funds overseas and recently announced quite significant prospecting results in its Hauraki Joint Venture with Newmont Corporation

However, the shining star in the portfolio has been Chatham Rock Phosphate. During the year CRPL achieved the following milestones:

Operational Milestones

At an operational level the main objectives during the year were to complete the first 12 months work programme included in our permit conditions. These included

- A literature review of all previous reports and studies arising from the extensive earlier exploration work programmes
- Digitisation of all geological, geochemical and geophysical data gathered in these earlier programmes
- Subsequent analysis of this data in order to plan future seabed sampling requirements
- Evaluation of other possible exploration techniques including underwater radiometric surveys
- Environmental base-line monitoring
- A progress report to Crown Minerals.

This programme was completed and a report submitted by CRPL to Crown Minerals in December 2010, more than two months ahead of due date.

In addition to these activities CPRL undertook or commissioned the following initiatives:

- NIWA was contracted to undertake a series of environmental studies in order to fully understand the marine environment in our licence area
- Rockpoint Corporate Finance was mandated to complete a pre-feasibility study, an independent project valuation and comprehensive fertiliser studies
- The Project was extensively marketed to the share-broking community in Wellington, Taranaki and Auckland
- A Wellington based project headquarters was established at Level 1, 93 The Terrace.
- A new project focused website (www.rockphosphate.co.nz) was established
- The project was presented at conferences in Russia (UMI) and Auckland (AusIMM)
- A Waikato University research study on related aspects of Chatham Rise mineralisation was commissioned

- Contact was initiated with the leading international dredging companies with the aim of establishing their degree of interest in designing and operating mining systems to recover rock phosphate from the sea bed of the Chatham Rise
- Four of these companies showed significant interest in working with Chatham Rock Phosphate Limited and in January 2011 agreement was reached with four to carry out three mining concept studies funded 50/50 by Chatham Rock Phosphate and the dredging companies.
- The three mining concept studies were completed and received by CRPL in March. All the studies confirmed that recovery of the rock phosphate nodules was considered to be feasible and achievable at a cost per tonne broadly consistent with CRPL management estimates based on other published feasibility studies.
- The mining concept studies were then critically reviewed by four international marine mining experts engaged to assess the reports and then report whether or not they considered there were any fatal flaws in the proposed mining systems designs.
- In late May CRPL representatives met the dredging companies, together with the selected panel of international marine mining experts. The outcome of these meetings was a decision to select Royal Boskalis Westminster as our potential mining services provider.
- CRPL is now in negotiation with Boskalis to undertake detailed design, production testing and be closely involved in associated environmental studies which CRP are now commencing. This overall phase is expected to take some 12-18 months.
- There is an ongoing dialogue with stakeholders in the project with ongoing briefings of government and non-government agencies.

Capital Raised

As noted above, CRPL raised \$1,069,000 during the year by means of private placements and a share purchase plan.

Following these issues the CRPL issued capital at balance date comprised 34,526,660 shares and 16,080,076 10c options. It is intended by CRPL that no further shares will be issued by means of private placement.

The CPRL focus is now on encouraging the early conversion of the options (which expire on June 30, 2011) in order to enable the continuation of the Chatham Rock work programme on Mineral Prospecting Licence 50270 prior to undertaking the proposed initial public offering in Canada.

Since balance date option holders have been exercising their options. At the time of writing nearly 90% of options had been exercised. An underwriting panel has been put in place to ensure that all the options are exercised.

Oil and Gas Interests

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.

As part of the year-two work programme previous holder Widespread Energy started drilling a stratigraphic exploration bore in mid March 2010. The aims of the bore were to confirm the shape of the Kotuku anticline, recover samples of the rock strata and determine the nature of any fluids contained within it.

The drill rig encountered technical issues shortly after commencing Widespread 1 and relocated to an adjacent site and spudded as Widespread 1A. A week later Widespread 1A encountered oil shows from 21m-90m, and then began to flow gas from 90m depth. The gas was not expected to be encountered at this depth so well control procedures were undertaken and the flow of gas was shut off so that a coring rig could be mobilised in order to continue drilling to the target depth of 250 metres.

In mid April Widespread 1A was recommenced and several attempts were made to re-enter the well. These failed (due to engineering difficulties with the 6 inch casing) and the decision was made to plug and abandon the bore.

While the target depth of 250 metres was still not reached the earlier persistent oil shows that occurred between 21 metres and 90 metres are of considerable interest.

Widespread Energy had undertaken a detailed analysis of the data gathered to date and Widespread Portfolios as the new permit holder is now planning the next stages of the exploration programme. Potential partners to assist with both financing and operating this exploration programme are presently being sought.

PEP 38526 also contains a number of other promising targets.

Akura Limited

Widespread holds approximately 10% of Akura Limited, a Fijian-based petroleum exploration company, which was granted three Oil Exploration Licences by the Minerals Resources Department (MRD) in 2009. The licences, totaling ~17,667 km²,

are located in Nadi Bay, Bau Waters Basin and the northern Bligh Waters Basin, around the main island of Viti Levu.

Seismic data acquired by Amoco, Chevron, Mobil, Mapco and PEM from 1972-1982 serve as the primary source of subsurface information in Akura's licences. Akura has reprocessed all the available digital seismic data from MRD and scanned key lines over the leads and prospects. The deep-water Amoco and Mobil data exhibit the most improvement from the reprocessing effort, displaying structural elements of the Oligocene-Miocene section not discernable in the original processed data. From the workstation interpretation it may be concluded the Nadi Bay, Bau Waters and Bligh Waters depocentres contain Oligocene-Pliocene age sediments which have been buried deeply enough to generate hydrocarbons.

Several play concepts have been identified in the seismic database, including Mio-Pliocene carbonate buildups, Pliocene and Miocene turbidites, Mio-Pliocene half-graben sediment wedges and possible Pliocene fault block traps. These leads will require new seismic data coverage to elevate them to a prospect category.

Akura's three licences and another recent application cover the three deep petroleum sourcing depocenters around the island of Viti Levu. Thermogenic gas/oil shows from the flanks of these basins have been analysed in various reputable laboratories and it is concluded that all three basins host active petroleum generating systems.

Two shallow terrestrial drill-ready gas prospects in the Bau Waters Basin have been delimited and await funding in order to drill in 2012. Costs are estimated at ~USD 1million for each well. In the event of a discovery, off-the-shelf gas turbines electricity generators could be utilised and preliminary economics show that 10 bcfg could be worth more than USD50 million.

The Smugglers Prospect in Nadi Bay, at a water depth of 18 m and drilling depth of less than 1,000 m, could recover between 650,000 (P90) and 5 million barrels (P10) of oil worth approximately USD 52-400 million (using a world market price of USD 80 per barrel). If the P50 amounts are recovered, all of the leads listed in Nadi Bay would be commercial by today's economic parameters, especially if they could be tied into the same development plan. Drilling in Nadi Bay would be best undertaken by a rig mounted on a jack-up-pole-barge

In the northern Bligh Waters several leads with a potential of up to a recoverable 45 MMbo have been identified in, or partly within OEL 2/2009 and 1/2009; however, the main potential lies within the new OEL application, by Akura of 2,730 km² and covering five leads in their entirety with the largest lead (EE) containing an estimated recoverable 140 MMbo at P10.

Any investment in Fiji clearly has a high degree of sovereign risk attached to it and Akura is no exception. However, it's clear that despite this the company is attracting ongoing investor support from a range of overseas investors. The cost of WID's investment in Akura is NZD97,000.

Major investments snapshot

Our major investments are detailed in the table below on the basis of their market values as at May (excluding Asian Minerals and our investment in Chatham Rock Phosphate Limited which are based on the independent valuations referred to below).

Investment	May 2011			May 2010		
	Mkt Value (\$m)	Portfolio %	Cents/per share	Mkt Value	Portfolio %	Cents/per share
Asian Minerals*	2.935	17.0	12.2	2.756	23.7%	11.7
King Solomon	1.046	7.4	4.5	0.738	6.4%	3.1
Widespread Energy Oil & Gas				0.845	7.3%	3.6
Chatham Rock Phosphate Ltd	8.950	63.6	38.1			
Golden Phoenix	0.378	2.7	1.6	0.356	3.1%	1.5
Other strategic holdings	0.325	2.3	1.4	0.418	3.6%	1.8
Share trading portfolio	0.121	0.9	0.4	0.201	1.7%	0.9
Oil & Gas interests	0.522	3.7	2.2			
Cash	0.355	2.5	1.6	0.452	3.9%	1.9
Chatham Rise (10% direct)**				2.090	18.0%	8.9
Chatham Rise (18% indirect)**				3.755	32.3%	16.0
	14.092	100.0	60.0	11.611	100.0%	49.4

* Asian Minerals is included in the schedule above and in our regularly published net assets calculation at directors' valuation based on a share of AMR's net assets.

** 2010 - based on independent project valuation by Rockpoint Corporate Finance.

*** 2010 - assumed that the market value of Widespread Energy did not reflect the value of the Chatham Rise project. 18% is derived as 20% of the 90% of the project then held by Widespread Energy.

Chatham Rock Phosphate

– why we are so excited about our 26.6% investment in this project

The concept of recovering rock phosphate from the seabed in New Zealand territorial waters has a significant number of **economic, environmental and market** benefits.

The **economic** benefits include

- Import substitution of up to \$300 million annually
- Possible exports to near markets
- Reduced commodity risk for fertiliser manufacturers and farmers
- Reduced foreign exchange risk for fertiliser manufacturers and farmers
- Development of a new industry
- Generation of additional income tax, GST and royalty income for the local economy
- Security of supply (most rock phosphate is imported from potentially unstable regimes in North Africa and the Middle East)

The **environmental** benefits include

- Local product is significantly lower in cadmium and uranium than imported product
- A much lower carbon footprint than imported product
- If applied as a direct application fertiliser CRP has less run off than super-phosphate, is applied once every three years, and is a more effective, slower acting product. It also introduces carbon back into the soil due to its high calcium carbonate content
- Extraction will affect only 1/1000th of the Chatham Rise total area and will be intermittent
- Extraction will occur in accordance with International Marine Mining environmental guidelines

The **market** benefits include

- Much cheaper source than Morocco
- 25+ years security of supply
- Known extraction costs will allow fixed price contracts over several years which will benefit fertiliser companies, farmers and agriculture outputs generally as fertiliser pricing will be less of a lottery

Trading since Balance Date

Once again the new financial year has opened on a very quiet note. The pre-tax operating result for the first three months is a small loss.

Objectives for 2010/2011

The milestones we would like to achieve in the next 12 months include:

- The listing and successful IPO of Chatham Rock Phosphate Limited on an overseas market and continued progress of project objectives
- Advances for the Akura, and Kotuku oil and gas prospects
- Exploration success for King Solomon Mines in Inner Mongolia
- Building value in our other strategic holdings
- An increase of at least 50% in the Widespread net asset backing per share
- A positive trading result for the year.

Annual Meeting

The Annual General Meeting of shareholders will be held at 5pm, 31 July at The Backbencher Function Centre, 34 Molesworth Street (opposite Parliament), Wellington.

Auditors, Dividend & Directors

WHK have confirmed their willingness to continue in office as Auditors to the Company.

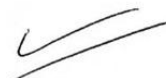
The directors do not propose to recommend a dividend in respect of the period under review. This is in accordance with the Company's stated core philosophy concerning dividends.

In accordance with the Constitution, Keith Hindle, and Linda Sanders retire by rotation and being eligible offer themselves for re-election to the board.

For and on behalf of the Board,



Linda J Sanders
Chairman
Takaka, 30 June 2011



Chris D Castle
Director