

**GRANT
SAMUEL**

LEVEL 31
ROYAL & SUNALLIANCE CENTRE
48 SHORTLAND STREET
AUCKLAND
PO BOX 4306
TELEPHONE: 0-9-912 7777
FAX: 0-9-912 7788

24 July 2002

The Independent Directors
eVentures New Zealand Limited
PO Box 28673
REMUERA

Dear Sirs

Acquisition of Shares by Bell Investment Trust

1 Proposed Transaction

eVentures New Zealand Limited ("eVentures") is a publicly listed company whose only assets are cash. The directors of eVentures have proposed that eVentures be liquidated and the proceeds returned to shareholders with shareholders receiving approximately 34 cents per share.

Separate to the winding up, the Bell Investment Trust ("Bell"), has made an offer ("the Bell offer") to acquire the shares in eVentures held by those members of the public who subscribed for and became registered holders of 10,000 shares or less as a result of subscribing to the initial public offering ("IPO") and who still hold those shares ("the Offerees"). The Bell offer is for all or any of those shares at a price of \$0.60 per share. Bell is an investment vehicle associated with Craig Heatley who was one of the promoters and founding shareholders of eVentures.

The conditions of the offer are:

- that the remaining shareholders of eVentures vote by 23 August 2002 to approve the acquisition of the shares under rule 7(c) of the Takeovers Code; and
- that the shareholders of eVentures vote by 23 August 2002 to approve having eVentures placed in liquidation on completion of the Bell offer.

Grant Samuel understands that Bell has made the offer because of Craig Heatley's concerns that the original small shareholders who subscribed to the eVentures IPO in May 2000 and who have remained shareholders have been disadvantaged as a result of the failure of eVentures to achieve the business outcomes that were promoted at the time of the IPO. The effect of the Bell offer for those shareholders who have accepted is that they will receive the original amount invested at the IPO, i.e. they will not suffer any loss of capital. These shareholders, along with Bell are not entitled to vote on the proposal.

2 Requirements of the Takeovers Code

eVentures is subject to the Takeovers Code as it is listed on the New Zealand Stock Exchange. Under the Code, an offeror seeking to increase its shareholding in a Code company to 20% or more is normally required to make a full or partial offer to all shareholders conditional on the offeror receiving acceptances for more than 50% of the target company's voting rights. Rule 7(c) of the Code provides an exception to this requirement. It allows an offeror to acquire existing voting securities from one or more shareholders of a Code company if the acquisition is approved by a resolution of target company shareholders in a general meeting.

GRANT SAMUEL & ASSOCIATES LIMITED

LEVEL 6, 1 COLLINS STREET MELBOURNE, VIC 3000 TELEPHONE: 61-3-9654 7300 FAX: 61-3-9654 7338

LEVEL 30, 52 MARTIN PLACE, SYDNEY, NSW 2000 TELEPHONE: 61-2-9324 1011 FAX: 61-2-9324 1011

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BELL GULLY AKL

3 Purpose of the Report

The Directors of eVentures not associated with Bell (the "Independent Directors") have engaged Grant Samuel & Associates Limited ("Grant Samuel") to prepare the Independent Adviser's Report required under Rule 18 of the Takeovers Code. The report is to set out an assessment of the merits of the proposed acquisition having regard to the interests of those eVentures shareholders entitled to vote on the proposal. Grant Samuel is independent of eVentures and Bell and has no involvement with, or interest in, the proposed acquisition of eVentures shares by Bell.

4 Merits of the Bell Offer

4.1 An offer from Bell to all shareholders is unlikely

Bell is seeking to have its offer approved as a compliance option under the Takeovers Code. The Code would normally require Bell, as an existing holder of 20% or more of the voting securities of eVentures to mount a full takeover offer if it wished to increase its shareholding. Alternatively, a partial offer on a pro-rata basis to all shareholders is permissible, provided that it is for 50% or more of eVentures shares.

Bell is unlikely to make such a full or partial offer to all shareholders at the offer price of 60 cents per share as there is no commercial or economic rationale to do so. eVentures' shares have been trading in the range of 31 cents to 33 cents since the Bell offer was made and net asset backing at 30 May 2002 was \$0.36 per share. The company is a non-trading cashed up shell and therefore is unlikely to hold any more intrinsic value than the value of net assets. In these circumstances, there is little or no economic justification on the part of Bell to pay 60 cents to any shareholders. The offer has been made to small shareholders who were original participants in the float as a gesture to compensate them for losses suffered. There is no legal requirement for the Bell offer to be made.

4.2 Bell has effective control of eVentures

Bell, with its current 44.4% shareholding in eVentures already has effective control of the company. Any increase in its shareholding as a result of the Bell offer will not have any material impact on Bell's ability to control the company.

Bell is not entitled to vote on the ordinary resolution to approve the offer to the Offerees as an exception to the Takeovers Code. However, Bell is entitled to vote on the special resolution required to approve the liquidation of eVentures. A special resolution requires 75% support from voting shareholders to be passed, and Bell can be assumed to use its 44.4% shareholding to support this resolution, given its actions in supporting a liquidation at the Board level.

4.3 The Bell offer appears to be genuinely motivated

Grant Samuel has no reason not to believe that the Bell offer is motivated by genuine altruistic reasons on the part of Craig Heatley. He has publicly stated that he wishes to reward the loyalty of the offerees, who as original small shareholders have seen the value of their investment decline substantially since eVentures listed in May 2000. Bell will suffer a cost of approximately \$500,000 plus costs on the shares purchased from the Offerees when eVentures is liquidated.

Heatley's generous motives appear to be reinforced by public statements earlier in the year where he pledged to donate an amount equal to the overall capital gain of approximately \$7 million he stands to make from a liquidation of eVentures into a trust aimed at helping child based charities in New Zealand and overseas.

4.4 Shareholders other than the offerees will not be effected financially

Bell will use its own cash to purchase eVentures' shares from those Offerees accepting its offer. There will be no impact upon eVentures' own financial position and remaining

shareholders will receive the same return of capital upon the company's liquidation whether the Bell offer is approved or not.

4.5 Non-approval of the Bell proposal is unlikely to impact on the proposed liquidation

The decision to liquidate eVentures (subject to shareholder approval) was a decision of the eVentures Board. The directors have determined that liquidation is in the best interests of all shareholders. All shareholders will still have the opportunity to vote on the resolution to liquidate eVentures even if the preceding resolution to approve the Bell offer is not passed.

4.6 Buy-out provisions do not apply

The compulsory buy-out provisions of the Companies Act 1993 covers certain circumstances where dissenting shareholders have a right to require the company in which they hold shares to be bought out. However, these provisions do not apply to eVentures shareholders who oppose the Bell proposal.

4.7 The Bell offer has the support of major shareholders other than Bell

The independent directors of eVentures include representatives of The Warehouse Limited and Todd Communications Ltd who are both substantial securities holders in the company and are entitled to vote on the Bell offer. The independent directors of eVentures have:

- recommended that the Offerees accept the Bell offer;
- recommended that remaining shareholders approve the Bell offer as an exception to the normal provisions of the Takeovers Code; and
- recommended that all shareholders approve the resolution to liquidate eVentures.

These recommendations imply that The Warehouse Limited and Todd Communications will vote in support of the Bell offer and the subsequent liquidation of eVentures. Both were original investors at the time of the eVentures Stock Exchange listing and paid 60 cents per share, the same price that the Offerees originally paid and are being offered by Bell.

4.8 Consequences if the Bell offer is not approved

There are no material consequences for voting shareholders if the Bell offer is not approved. eVentures' financial position and business outlook will remain the same. There will be no reason why the proposed liquidation would not proceed. Shareholders other than the Offerees will receive the same amount from the proposed liquidation whether the Bell offer proceeds or not.

5 Conclusion

Whilst the Bell offer could be seen as generous to the eVentures shareholders to whom it has been made, there is no commercial or economic rationale for Bell to extend it to the remaining shareholders. The offer has been directed at the small shareholders who supported the float of eVentures and who have remained shareholders since.

In Grant Samuel's opinion eVentures shareholders, other than those to whom the Bell offer has been made, will not suffer any material positive or adverse consequences if the Bell offer proceeds. Their financial and voting position will be the same whether the Bell offer proceeds or not. On this basis there is no reason for the voting shareholders not to support the resolution to approve the Bell offer as compliance option under Rule 7(c) of the Takeovers Code.

6 Other Matters

6.1 Qualifications

Grant Samuel and its related companies provide financial advisory services to corporate and other clients in relation to mergers and acquisitions, capital raisings, corporate restructuring, property and financial matters generally in Australia and New Zealand. One of its activities is the preparation of company and business valuations and the provision of independent advice and

expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since its inception in 1988, Grant Samuel and its related companies have prepared more than 200 public expert or appraisal reports.

The person responsible for preparing this report on behalf of Grant Samuel is John Mandeno, BCom. He has a significant number of years experience in relevant corporate advisory matters.

6.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion on the merits of the Bell offer having regard to the interests of eVentures shareholders entitled to vote on the resolution to approve it. Grant Samuel expressly disclaims any liability to any eVentures shareholder that relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

6.3 Independence

Grant Samuel does not have at the date of this report, and has not had within the previous two years, any shareholding in or other relationship with eVentures or Bell that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed acquisition.

Grant Samuel will receive a fee for the preparation of this report. This fee is not contingent on the outcome of the proposed transfer. Grant Samuel will receive no other benefit for the preparation of this report.

Accordingly, Grant Samuel considers itself to be independent for the purposes of the Takeovers Code.

6.4 Information

Grant Samuel has obtained all information, which it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of eVentures and made available to the Directors. Grant Samuel confirms that in its opinion the information to be provided by eVentures and contained within this report is sufficient to enable shareholders not associated with Bell to understand all relevant factors and make an informed decision, in respect of the proposed acquisition.

Grant Samuel's opinion is made at the date of this letter and reflects circumstances and conditions as at that date.

This letter is for the benefit of the holders of eVentures shares not associated with the Bell offer. The full report from which this summary has been prepared is attached and should be read in conjunction with, and as an integral part of this summary.

Yours faithfully

GRANT SAMUEL & ASSOCIATES LIMITED

Grant Samuel + Associates

Independent Adviser's Report by Grant Samuel & Associates Limited

eVentures New Zealand Limited

INDEPENDENT ADVISER'S REPORT

Prepared by

GRANT SAMUEL & ASSOCIATES LIMITED

Auckland
■

Sydney
■

Melbourne
■

24 July 2002

Table of Contents

1	Proposed Transaction	1
2	Scope of the Report	2
	2.1 Requirement of the Takeovers Code	2
	2.2 Purpose of the Report	2
	2.3 Basis of Assessment	2
	2.4 Sources of Information	3
	2.5 Limitations and Reliance on Information	3
	2.6 Current Market Conditions	3
3	Profile of eVentures	4
	3.1 Background & History	4
	3.2 Earnings Performance	5
	3.3 Financial Position	5
	3.4 Capital Structure and Ownership	6
	3.5 Share Price History	7
4	Merits of the Bell Offer	9
	4.1 An offer from Bell to all shareholders is unlikely	9
	4.2 Bell has effective control of eVentures	9
	4.3 The Bell offer appears to genuinely motivated	9
	4.4 Shareholders other than the offerees will not be effected financially	9
	4.5 Non-approval of the Bell proposal is unlikely to impact on the proposed liquidation	9
	4.6 Buy-out provisions do not apply	10
	4.7 The Bell offer has the support of major shareholders other than Bell	10
	4.8 Consequences if the Bell offer is not approved	10
5	Conclusion	11
6	Qualifications, Declarations and Consents	12
	6.1 Qualifications	12
	6.2 Disclaimers	12
	6.3 Independence	12
	6.4 Information	12
	6.5 Declarations	13
	6.6 Consents	13

1 Proposed Transaction

eVentures New Zealand Limited ("eVentures") is a publicly listed company whose only assets are cash. The directors of eVentures have proposed that eVentures be liquidated and the proceeds returned to shareholders with shareholders receiving approximately 34 cents per share.

Separate to the winding up, the Bell Investment Trust ("Bell"), made an offer ("the Bell offer") on 19 June 2002 to acquire the shares in eVentures held by those members of the public who subscribed for and became registered holders of 10,000 shares or less as a result of subscribing to the initial public offering ("IPO") and who still hold those shares ("the Offerees"). The Bell offer is for all or any of those shares at a price of \$0.60 per share. Bell is an investment vehicle associated with Craig Heatley who was one of the promoters and founding shareholders of eVentures.

The conditions of the offer are:

- that the remaining shareholders of eVentures vote by 23 August 2002 to approve the acquisition of the shares under rule 7(c) of the Takeovers Code; and
- that the shareholders of eVentures vote by 23 August 2002 to approve having eVentures placed in liquidation on completion of the Bell offer.

Grant Samuel understands that Bell has made the offer because of Craig Heatley's concerns that the original small shareholders who subscribed to the eVentures IPO in May 2000 and who have remained shareholders have been disadvantaged as a result of the failure of eVentures to achieve the business outcomes that were promoted at the time of the IPO. The effect of the Bell offer for those shareholders who have accepted is that they will receive the original amount invested at the IPO, i.e. they will not suffer any loss of capital. These shareholders, along with Bell are not entitled to vote on the proposal.

The Bell offer closed at 5.00 pm on 12 July, 2002 with 300 Offerees accepting in respect of a total of 1,923,000 shares. If the transaction is approved by shareholders and proceeds, Bell will control 46.6% of all the shares in eVentures.

2 Scope of the Report

2.1 Requirement of the Takeovers Code

The Takeovers Code came into effect on 1 July 2001, replacing the New Zealand Stock Exchange Listing Rules and the Companies Amendment Act 1963 requirements governing the conduct of company takeover activity in New Zealand. The Takeovers Code seeks to ensure that all shareholders are treated equally and on the basis of proper disclosure are able to make informed decisions on shareholding transactions that may impact on their own holdings.

eVentures is subject to the Takeovers Code as it is listed on the New Zealand Stock Exchange. Under the Code, an offeror seeking to increase its shareholding in a Code company to 20% or more is normally required to make a full or partial offer to all shareholders conditional on the offeror receiving acceptances for more than 50% of the target company's voting rights. Rule 7(c) of the Code provides an exception to this requirement. It allows an offeror to acquire existing voting securities from one or more shareholders of a Code company if the acquisition is approved by a resolution of target company shareholders in a general meeting. The notice of meeting containing the resolution to be voted on must contain (inter alia) a report (or summary report) from an independent adviser on the merits of the proposed acquisition having regard to the interests of the shareholders entitled to vote to approve the acquisition.

Under Rule 15 of the Takeovers Code, the notice of meeting must also contain:

- *the identity of the persons acquiring and disposing of the voting securities; and*
- *particulars of the voting securities to be acquired, including –*
 - (i) *the number being acquired; and*
 - (ii) *the percentage of all voting securities that that number represents; and*
 - (iii) *the percentage of all voting securities that will be held or controlled by the person acquiring the voting securities after completion of the acquisition;*

2.2 Purpose of the Report

The proposed acquisition of further eVentures shares by Bell constitutes a compliance option under Rule 7(c) of the Takeovers Code. Accordingly, the directors of eVentures not associated with Bell (the "Independent Directors") have engaged Grant Samuel & Associates Limited ("Grant Samuel") to prepare the Independent Adviser's Report ("the Report") required under Rule 18 of the Takeovers Code. The report is to set out an assessment of the merits of the proposed acquisition having regard to the interests of those eVentures shareholders entitled to vote on the proposal. Grant Samuel is independent of eVentures and Bell and has no involvement with, or interest in, the proposed acquisition of eVentures shares by Bell.

Grant Samuel has been approved by the Takeovers Panel to prepare the Independent Adviser's Report. The Report is for the benefit of holders of eVentures shares (other than Bell and its associated persons and the offerees who have accepted the Bell offer). The Report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Bell acquisition having regard to the interests of eVentures shareholders entitled to vote on the proposal.

2.3 Basis of Assessment

Rule 18 of the Takeovers Code requires the Independent Adviser to report on "the merits of any proposed acquisition ... having regard to the interests of those persons who may vote to approve the acquisition ...". The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. The Takeovers Panel has not issued guidelines as to the interpretation of the term "merits". For the purpose of this report Grant Samuel is of the opinion that an assessment of the merits of the proposed acquisition should consider the intentions of Bell in proposing to make the offer and whether the non-transacting shareholders will be advantaged or disadvantaged by the Bell purchase.

The merits of the Bell offer are to be assessed for the shareholders of eVentures other than Bell and the Offerees, who as existing shareholders and principal parties to the proposed transaction, are not entitled to vote on the resolution to approve the arrangement. Grant Samuel has assessed the merits of the Bell offer after taking into consideration the following factors:

- the nature of the proposed share sale and purchase transaction;
- Bell's intentions for eVentures;
- the market for eVentures shares; and
- the likely consequences if Bell's offer is not approved.

2.4 Sources of Information

The following information was relied on in preparing this report:

- annual reports for eVentures for the years ending 31 December 2000 and 2001;
- interim reports for eVentures for the six months ending 30 June 2001;
- the offer documents dated 19 June 2002 in respect of the Bell offer;
- the draft notice of meeting to be sent to eVentures' shareholders; and
- management accounts for the 5 months ending 31 May, 2002.

Grant Samuel also held discussions with management of eVentures and its professional advisers.

2.5 Limitations and Reliance on Information

The report is based on information provided by eVentures. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the merits of the Bell offer having regard to the interests of those eVentures' shareholders entitled to vote on the resolution to approve the Bell offer. However, Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

2.6 Current Market Conditions

The opinion of Grant Samuel is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

3 Profile of eVentures

3.1 Background & History

eVentures was incorporated on 14 January 2000 with the objective of providing capital, strategic resources and management services for establishing major Internet, e-commerce and new media businesses in New Zealand. After incorporation, 160 million shares were issued to eVentures Partnership, a Delaware incorporated partnership between offshore based internet business investors, Softbank and ePartners. The issue price was \$0.15 per share. Simultaneously, 40 million shares were issued to entities associated with Craig Heatley, including Bell. These shares were also issued at \$0.15 per share.

Pursuant to a prospectus and investment statement dated 14 April 2000, a further 50 million shares were offered to members of the public by way of an IPO at a price of \$0.60 per share. Of the 50 million shares offered, a total of 15 million shares were subscribed for by a group of corporate investors comprising Telecom New Zealand, The Warehouse Group and Todd Capital Limited. The remaining 35 million shares were subscribed for by retail and institutional investors. The shares in eVentures were listed on the New Zealand Stock Exchange on 9 May 2000.

eVentures first major investments were a 50% stake in online lender E-Loan New Zealand and an 80% interest in MessageMedia, which provided electronic messaging solutions to business clients, including a number of major blue chip companies.

During June 2001, eVentures underwent a restructuring triggered by the unexpected exit of Softbank and ePartners as shareholders. Classic Communications Limited, a company associated with Craig Heatley, acquired the shareholding of the eVentures partnership for \$0.14 per share. These 160 million shares were then repurchased by eVentures under a pro rata buy back offer made to all shareholders at a price of \$0.14 per share plus transaction costs. The market price for eVentures shares at the time was in the range of \$0.27 to \$0.29.

Classic Communications was the only shareholder to accept the buy back offer and as a consequence, the total number of eVentures' issued shares was reduced to 90 million. Subsequently eVentures sold its stake in MessageMedia, liquidated E-Loan, and effectively abandoned its stated business direction because of a loss of business support for the company and the general global softening of expectations for internet based businesses.

eVentures reduced operating costs to a minimum through ceasing to employ staff and moving to smaller premises in June 2001. A decision to liquidate the company and return capital to shareholders was made by the directors in May 2002 subject to shareholder approval, and at the same time Bell made its offer to the remaining original small shareholders.

3.2 Earnings Performance

The earnings performance of eVentures for the two years to 31 December 2001 and the five months to 31 May 2002 is summarised in the table below.

eVentures -- Statement of Financial Performance (\$000)			
	2001	2000	2002
Trading revenue	113	60	-
Profit on sale of investment	-	2,000	-
Interest revenue	2,561	2,322	649
Operating expenses	(8,494)	(1,630)	(237)
Depreciation	(145)	(77)	(32)
Amortisation	(96)	(42)	-
Restructuring costs	(1,033)	(3,558)	(19)
Taxation	-	-	-
Minority interests	2,537	-	-
			612

In analysing the table above, the following should be taken into account:

- during the year ending 31 December 2001 eVentures undertook a restructuring and sold its investments in subsidiary companies.
- net restructuring costs in 2001 comprises:

	\$000
▪ restructure expenses	(1,270)
▪ loss on disposal of fixed assets	(103)
▪ write-off of investment in E-Loan	(2,182)
▪ Other	(3)
	(3,558)

3.3 Financial Position

The financial position of eVentures as at the end of the 2000 and 2001 financial years and at 31 May 2002 is summarised below:

Statement of Financial Position (\$000)			
	2001	2000	2002
Current Assets			
Cash	50,302	31,344	31,747
Debtors	261	123	40
Net inter-company receivable	2,484	-	-
Total current assets	53,047	31,467	31,787
Current Liabilities			
Creditors	(467)	(176)	(98)
Fixed assets	757	605	585
Investments	2,101	-	-
Intangible assets	-	58	-
Other assets	-	-	77
Other liabilities	(271)	(331)	(367)
Shareholders' equity	53,167	31,983	31,981
Shares on issue (000's)	250,000	90,000	90,000
Net tangible assets per share	\$0.22	\$0.35	\$0.36

In analysing the table above the following should be noted:

- in the year ending 31 December 2001, 160 million shares held by ePartners and Softbank were acquired by Classic Communications. eVentures subsequently repurchased the shares and cancelled them. This resulted in a reduction in capital of \$37.8 million and an increase in retained earnings of \$15.2 million.
- during the same year eVentures undertook a restructuring and sold its investments in subsidiary companies.
- "Other liabilities" of \$367,000 at 31 May 2002 includes liabilities relating to property lease obligations that have crystallised as a result of the 2001 restructuring and consequent move of premises.
- Net tangible assets per share of \$0.36 at 31 May 2002 does not factor in any liquidation costs or lease exit payments.

3.4 Capital Structure and Ownership

As a result of the share buyback undertaken in the year ending 31 December 2001, the issued capital of eVentures reduced from 250 million fully paid ordinary shares to 90 million fully paid ordinary shares. The twenty largest shareholders as at 22 July 2002 are shown in the table below:

eVentures – Top 20 Shareholders at 22 July 2002		
Craig Heatley (and related entities)	40,000,000	44.44
Telecom Corporation of NZ Ltd	5,000,000	5.55
Todd Communications Ltd	5,000,000	5.55
The Warehouse Ltd	5,000,000	5.55
AMP Investments	4,330,564	4.81
Bellwood Ltd	2,812,000	3.12
National Mutual Life Association	2,792,000	3.10
Tappenden Holdings Ltd	2,500,000	2.78
Cogent Nominees Ltd	2,097,016	2.33
AMP Life Ltd	1,579,500	1.76
Trustees Executors & Agency Co of NZ	1,081,100	1.20
McCollam Capital Partners	1,000,000	1.11
Janet Backhouse	910,744	1.01
Sean Dennehy	825,948	0.92
Narabeen Ice Skating Pty Ltd	600,000	0.67
Embar Holdings Ltd	500,000	0.56
MCP Equities Ltd	500,000	0.56
Shazam Trading Co Ltd	500,000	0.56
NZGT Nominees Ltd – AIF Equity Fund	382,645	0.43
Mark W Booth	300,000	0.33
Other shareholders	12,588,483	13.99

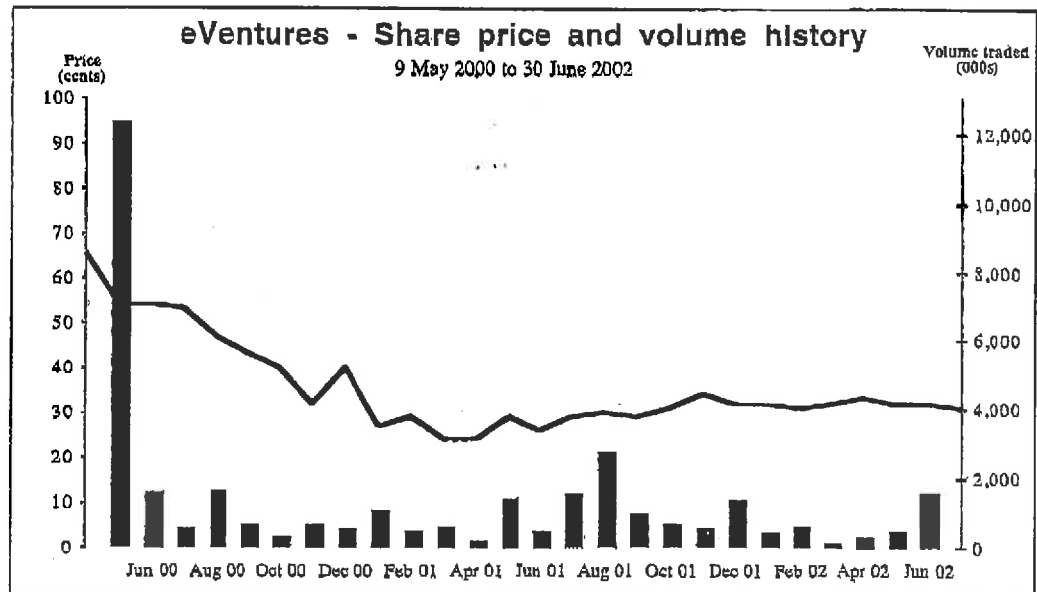
3.5 Share Price History

The share trading history of eVentures since 9 May 2000, when the shares first listed, is shown below:

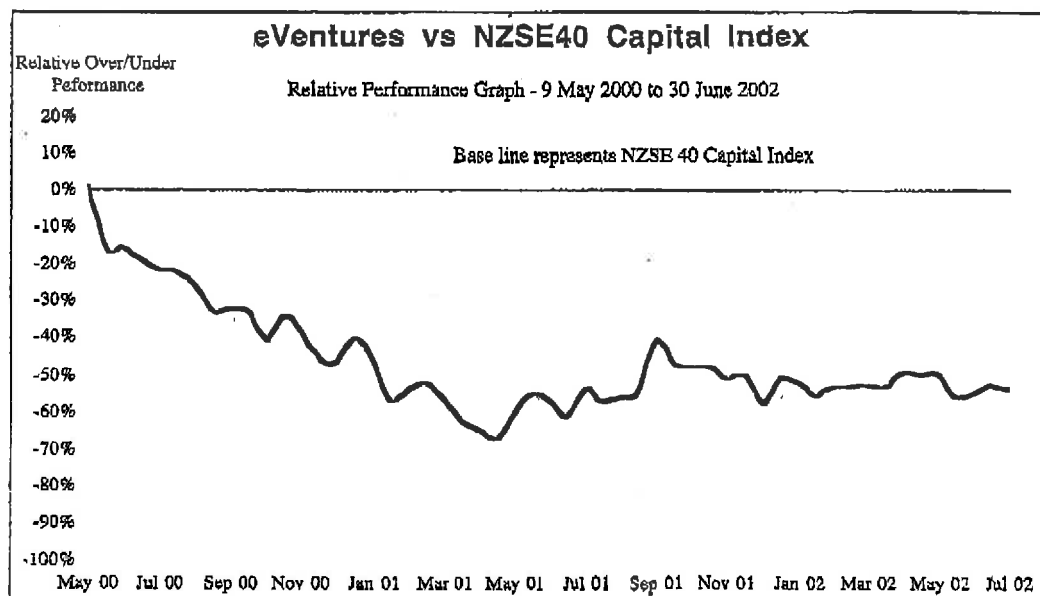
eVentures - Share Price History			
2000 (month)	High (cents)	Low (cents)	Volume (000s)
May	72	51	12,264
June	59	50	1,567
July	54	51	507
August	53	43	1,656
September	47	35	664
October	45	33	299
November	49	30	656
December	40	28	511
2001 (month)			
January	40	26	1,053
February	32	27	453
March	30	24	620
April	28	23	205
May	32	23	1,397
June	30	26	495
July	30	26	1,510
August	34	28	2,765
September	31	29	963
October	32	29	648
November	34	30	557
December	33	28	1,386
2002 (month)			
January	34	31	397
February	34	30	616
March	32	31	131
April	36	32	316
May	37	32	496
June	33	31	1,524

On 26 June 2001 the 160 million shares repurchased by eVentures were cancelled, with the effect of raising net tangible asset backing per share by \$0.14.

The month end closing share price history of eVentures' shares since May 1999 and the total volume of shares traded during each month of that period, is depicted graphically in the following chart:



The relative performance of eVentures shares against the NZSE 40 Capital Index is shown below:



4 Merits of the Bell Offer

4.1 An offer from Bell to all shareholders is unlikely

Bell is seeking to have its offer approved as a compliance option under the Takeovers Code. The Code would normally require Bell, as an existing holder of 20% or more of the voting securities of eVentures to mount a full takeover offer if it wished to increase its shareholding. Alternatively, a partial offer on a pro-rata basis to all shareholders is permissible, provided that it is for 50% or more of eVentures shares.

Bell is unlikely to make such a full or partial offer to all shareholders at the offer price of 60 cents per share as there is no commercial or economic rationale to do so. eVentures' shares have been trading in the range of 31 cents to 33 cents since the Bell offer was made and net asset backing at 30 May 2002 was \$0.36 per share. The company is a non-trading cashed up shell and therefore is unlikely to hold any more intrinsic value than the value of net assets. In these circumstances, there is little or no economic justification on the part of Bell to pay 60 cents to any shareholders. The offer has been made to small shareholders who were original participants in the float as a gesture to compensate them for losses suffered. There is no legal requirement for the Bell offer to be made.

4.2 Bell has effective control of eVentures

Bell, with its current 44.4% shareholding in eVentures already has effective control of the company. Any increase in its shareholding as a result of the Bell offer will not have any material impact on Bell's ability to control the company.

Bell is not entitled to vote on the ordinary resolution to approve the offer to the Offerees as an exception to the Takeovers Code. However, Bell is entitled to vote on the special resolution required to approve the liquidation of eVentures. A special resolution requires 75% support from voting shareholders to be passed, and Bell can be assumed to use its 44.4% shareholding to support this resolution, given its actions in supporting a liquidation at the Board level.

4.3 The Bell offer appears to be genuinely motivated

Grant Samuel has no reason not to believe that the Bell offer is motivated by genuine altruistic reasons on the part of Craig Heatley. He has publicly stated that he wishes to reward the loyalty of the offerees, who as original small shareholders have seen the value of their investment decline substantially since eVentures listed in May 2000. Bell will suffer a cost of approximately \$500,000 plus costs on the shares purchased from the Offerees when eVentures is liquidated.

Heatley's generous motives appear to be reinforced by public statements earlier in the year where he pledged to donate an amount equal to the overall capital gain of approximately \$7 million he stands to make from a liquidation of eVentures into a trust aimed at helping child based charities in New Zealand and overseas.

4.4 Shareholders other than the offerees will not be affected financially

Bell will use its own cash to purchase eVentures' shares from those Offerees accepting its offer. There will be no impact upon eVentures' own financial position and remaining shareholders will receive the same return of capital upon the company's liquidation whether the Bell offer is approved or not.

4.5 Non-approval of the Bell proposal is unlikely to impact on the proposed liquidation

The decision to liquidate eVentures (subject to shareholder approval) was a decision of the eVentures Board. The directors have determined that liquidation is in the best interests of all shareholders. All shareholders will still have the opportunity to vote on the resolution to liquidate eVentures even if the preceding resolution to approve the Bell offer is not passed.

4.6 Buy-out provisions do not apply

The compulsory buy-out provisions of the Companies Act 1993 covers certain circumstances where dissenting shareholders have a right to require the company in which they hold shares to be bought out. However, these provisions do not apply to eVentures shareholders who oppose the Bell proposal.

4.7 The Bell offer has the support of major shareholders other than Bell

The independent directors of eVentures include representatives of The Warehouse Limited and Todd Communications Ltd who are both substantial security holders in the company and are entitled to vote on the Bell offer. The independent directors of eVentures have:

- recommended that the Offerees accept the Bell offer;
- recommended that remaining shareholders approve the Bell offer as an exception to the normal provisions of the Takeovers Code; and
- recommended that all shareholders approve the resolution to liquidate eVentures.

These recommendations imply that The Warehouse Limited and Todd Communications will vote in support of the Bell offer and the subsequent liquidation of eVentures. Both were original investors at the time of the eVentures IPO and paid 60 cents per share, the same price that the Offerees originally paid and are being offered by Bell.

4.8 Consequences if the Bell offer is not approved

There are no material consequences for voting shareholders if the Bell offer is not approved. eVentures' financial position and business outlook will remain the same. There will be no reason why the proposed liquidation would not proceed. Shareholders other than the Offerees will receive the same amount from the proposed liquidation whether the Bell offer proceeds or not.

5 Conclusion

Whilst the Bell offer could be seen as generous to the eVentures shareholders to whom it has been made, there is no commercial or economic rationale for Bell to extend it to the remaining shareholders. The offer has been directed at the small shareholders who supported the float of eVentures and who have remained shareholders since.

In Grant Samuel's opinion eVentures shareholders, other than those to whom the Bell offer has been made, will not suffer any material positive or adverse consequences if the Bell offer proceeds. Their financial and voting position will be the same whether the Bell offer proceeds or not. On this basis there is no reason for the voting shareholders not to support the resolution to approve the Bell offer as a compliance option under Rule 7(c) of the Takeovers Code.

6 Qualifications, Declarations and Consents

6.1 Qualifications

Grant Samuel and its related companies provide financial advisory services to corporate and other clients in relation to mergers and acquisitions, capital raisings, corporate restructuring, property and financial matters generally in Australia and New Zealand. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since its inception in 1988, Grant Samuel and its related companies have prepared more than 200 public expert or appraisal reports.

The person responsible for preparing this report on behalf of Grant Samuel is John Mandeno, BCom. He has a significant number of years experience in relevant corporate advisory matters.

6.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion on the merits of the Bell offer having regard to the interests of eVentures shareholders entitled to vote on the resolution to approve it. Grant Samuel expressly disclaims any liability to any eVentures shareholder that relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

6.3 Independence

Grant Samuel does not have at the date of this report, and has not had within the previous two years, any shareholding in or other relationship with eVentures or Bell that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed acquisition.

Grant Samuel will receive a fee for the preparation of this report. This fee is not contingent on the outcome of the proposed transfer. Grant Samuel will receive no other benefit for the preparation of this report.

Accordingly, Grant Samuel considers itself to be independent for the purposes of the Takeovers Code.

6.4 Information

Grant Samuel has obtained all information, which it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of eVentures and made available to the Directors. Grant Samuel confirms that in its opinion the information to be provided by eVentures and contained within this report is sufficient to enable shareholders not associated with Bell to understand all relevant factors and make an informed decision, in respect of the proposed acquisition.

6.5 Declarations

eVentures has agreed that to the extent permitted by law, it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of the report. This indemnity will not apply in respect of the proportion of liability found by a court to be attributable to any conduct involving negligence or wilful misconduct by Grant Samuel. eVentures has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Grant Samuel or its employees and officers are found to have been negligent or engaged in wilful misconduct in which case Grant Samuel shall bear such costs.

Advance drafts of this report were provided to eVentures. Certain changes were made to this report as a result of the circulation of the draft report. However, there was no alteration to the methodology, conclusions or recommendations made to eVentures shareholders as a result of issuing the drafts.

Grant Samuel's terms of reference for its engagement did not contain any term, which materially restricted the scope of the report.

6.6 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the information to be sent to eVentures shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

GRANT SAMUEL & ASSOCIATES LIMITED
24 July 2002

Grant Samuel + Associates