

**INDEPENDENT ADVISER'S REPORT
IN RELATION TO A TAKEOVER OFFER FOR

OTTER GOLD MINES LIMITED
BY
NORMANDY NFM LIMITED**

- This report is not a report on the merits of the offer.
- This report has been commissioned by Normandy NFM.
- This report is solely a report to compare the terms and conditions offered for non-voting securities in comparison with the consideration and terms offered for voting securities.
- **A separate independent report on the merits of the offer commissioned by the directors of Otter Gold Mines will be distributed to shareholders along with a statement from Otter Gold Mines.**

Prepared by

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1 Terms of the Takeover Offer

Normandy NFM Limited ("Normandy NFM") has given notice of its intention to make a full takeover offer for Otter Gold Mines Limited ("Otter") under the provisions of the New Zealand Takeovers Code. The offer is to purchase all of the ordinary shares in Otter other than those already owned or controlled by Normandy NFM. Normandy NFM will also make an offer for all the outstanding listed options issued by Otter.

The offer specifies:

- a scrip consideration of 1.9 Normandy NFM shares for every 100 Otter shares; and
- NZ\$0.012 for every 100 listed options with an exercise date of 30 June 2003.

The offer is conditional upon:

- sufficient acceptances being received under the offer to take Normandy NFM's total Otter shareholding (including shares already held) to 50.1% of the total number of Otter shares on issue;
- a standstill agreement being entered into with Otter's bankers; and
- the usual conditions relating to the conduct of Otter's business and affairs.

2 Scope of the Report

2.1 Requirements of the Takeovers Code

The Takeovers Code came into effect on 1 July 2001, replacing the New Zealand Stock Exchange Listing Rule requirements governing the conduct of listed 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 an informed decision as to whether to accept or reject an offer.

The Takeovers Code prescribes the responsibilities and obligations for both Normandy NFM and Otter as “bidder” and “target” respectively. Amongst other requirements Normandy NFM must obtain an independent adviser’s report prepared according to Rule 22 of the Takeovers Code, to be included in the information to be made available to Otter shareholders by Normandy NFM.

2.2 Purpose of the Report

Rule 22 of the Takeovers Code specifies that a company making a takeover offer for a company that has different classes of voting and non-voting securities must obtain an independent adviser’s report on the fairness of the offer between the classes of securities. Accordingly, Normandy NFM has engaged Grant Samuel & Associates Limited (“Grant Samuel”) to prepare the independent adviser’s report required under Rule 22. Grant Samuel is required to certify whether or not the consideration and terms offered for Otter’s non-voting options are fair and reasonable in comparison to those offered for the company’s voting securities. The report is for the benefit of Otter’s share and option holders and is to assist them in forming an opinion on the Normandy NFM offer.

Grant Samuel has been approved by the Takeovers Panel to prepare the independent adviser’s report. The report should not be used for any other purpose than as an expression of Grant Samuel’s opinion as to whether the terms and conditions offered for the different classes of securities issued by Otter are fair and reasonable as between themselves. The report does not consider the merits of the Normandy NFM offer in its own right, nor places a value on Otter’s shares and options.

2.3 Basis of Assessment

Rule 22 of the Takeovers Code requires the independent adviser to certify whether or not the consideration and terms offered for each class of voting securities is fair and reasonable as between the classes of voting and non-voting securities, and as between classes of non-voting securities. The Takeovers Code provides no guidance as to the definition of “fair and reasonable”.

Some guidance can be taken from Australia, where the phrase “fair and reasonable” appears in legislation and in the Listing Rules of the Australian Stock Exchange. The Australian Securities Commission issued a Policy Statement setting out the basis on which independent experts are to evaluate whether a takeover is fair and reasonable for the purpose of the Australian Corporations Law. The Policy Statement is directed primarily at the responsibilities of companies under takeover offer and requires the independent expert to consider separately whether a takeover offer is “fair” and whether it is “reasonable”. Fairness is said to involve a comparison of the offer price with the value of the underlying businesses and assets. In determining fairness, any existing entitlement to shares by the offeror is to be ignored. An offer is considered to be fair if the price fully reflects the value of a company’s businesses and assets. Reasonableness is said to involve an analysis of other factors that a shareholder might consider prior to accepting a takeover offer.

Whilst the Policy Statement is to assist with the evaluation of a takeover offer itself, Grant Samuel believes it is appropriate to extend the interpretation of “fair and reasonable” to an evaluation of the offer consideration for different classes of security as between the classes. Fairness involves a comparison of the offer consideration for each class of security relative to the consideration offered for other classes and reasonableness involves an analysis of any other non-monetary factors attached to the offer for each class of security.

Grant Samuel will determine the fairness and reasonableness of the Normandy NFM offer as between classes of security by considering the offer price for the options compared to the offer price for voting

securities. In this case there are only two classes of security to be considered and therefore no further certification is required.

2.4 Sources of Information

The following information was relied upon in preparing this report:

- the notice of intention to make a takeover offer issued by Normandy NFM on 11 October 2001;
- a draft of the takeover offer to be mailed to Otter shareholders;
- annual reports for Otter for the year ending 30 June 2001; and
- the Otter Gold Mines Group Employee Share Plan Trust Deed and Plan Rules.

2.5 Limitations and Reliance on Information

The report is based upon information provided by Normandy NFM. 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 whether the consideration offered for the different classes of securities issued by Otter is fair and reasonable as between the classes. 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 Otter's Capital Structure

3.1 Ordinary Shares

As at 15 November 2001, Otter's issued ordinary share capital comprised:

Otter – Issued Ordinary Share Capital	
	Number of Shares
Ordinary shares held by shareholders	78,775,018
Ordinary shares held by Employee Share Plan Trustee	4,621,715
Total issued ordinary shares	83,396,733

The Employee Share Ownership Plan ("ESOP") is administered by a Trustee who holds shares for the benefit of Otter employees. The shares were to allocated to employees if they exercise options awarded to them as part of an incentive remuneration scheme. Recently Otter negotiated the renunciation of all entitlements under the ESOP. The Trustee will continue to hold the shares set aside for the ESOP. If the Trustee accepts the Normandy NFM offer, the resulting Normandy NFM shares held by the Trustee must be sold within 12 months.

3.2 Options

As at 15 November 2001, Otter had the following options on issue:

Otter – Options on Issue as at 15 November 2001			
Class	Exercise Date	Exercise Price	Number of Options
Listed	30 June 2003	NZ\$2.00	27,279,002

The listed options are exercisable at any time up until 30 June 2003 at an exercise price of NZ\$2.00. No voting rights are attached to them.

Prior to the recent renunciation of all outstanding options under Otter's ESOP there were approximately 580,000 unlisted options issued under five various classes under that scheme. The listed options described in the above table are now Otter's only outstanding options.

4 Evaluation of the Normandy NFM Offer

4.1 Offer Prices for the Securities

Normandy NFM's offer consideration for each class of Otter securities is:

Normandy NFM's Offer Consideration for each class of Otter Securities	
Class of Security	Consideration
Ordinary shares	1.9 fully paid shares in Normandy NFM for every 100 Otter shares held
Listed options	NZ\$0.012 for every 100 listed options held

4.2 Evaluation and Opinion

The share price for Otter immediately prior to Normandy NFM's notice of its intention to make an offer was A\$0.105 and NZ\$0.132. Since that date the price has traded as high as A\$0.185 and NZ\$0.22. The recent range of prices is substantially below the \$2.00 exercise price of the listed options. On this basis, the options are out of the money, i.e. in Grant Samuel's opinion there is no economic benefit to be gained by an option holder by exercising options now at the \$2.00 exercise price and then accepting the Normandy NFM offer.

Normandy NFM is offering nominal consideration to the holders of options. This reflects the fact that the options are out of the money. The question of relativity of the consideration offered for the options compared to the consideration offered for the shares should only be considered in light of the circumstances prevailing at the time Normandy NFM notice was issued. In Grant Samuel's opinion, the options have little or no value unless the Otter share price rises significantly. Therefore, relative to the listed options shareholders are not being favoured. Accordingly, Grant Samuel is of the opinion that the offer for the options is fair and reasonable in comparison with the offer made for the Otter ordinary shares.

5 Qualifications, Declarations and Consents

5.1 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 who has a significant number of years experience in relevant corporate advisory matters.

5.2 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 fairness of the Normandy NFM offer consideration between the classes of securities. Grant Samuel expressly disclaims any liability to any Otter 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.

5.3 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 Otter or Normandy NFM that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed offer.

Grant Samuel had no part in the formulation of the Normandy NFM offer. Its only role has been the preparation of this report and its summary. Grant Samuel will receive a fee for the preparation of this report. This fee is not contingent on the outcome of the Normandy NFM offer. 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.

5.4 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 Normandy NFM and made available to the Directors. Grant Samuel confirms that in its opinion the information to be provided by Normandy NFM and contained within this report is sufficient to enable Otter shareholders to understand all relevant factors and make an informed decision, in respect of the Normandy NFM offer.

5.5 Declarations

Normandy NFM 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. Normandy NFM 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 (and parts of it) were provided to Normandy NFM. 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 Otter 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.

5.6 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 Otter 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

15 November 2001

Grant Samuel + Associates