

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

Brian Tang, CFA
Analyst

Siddharth Rajeev, B.Tech, MBA
Analyst

Martha Buckwalter-Davis, BA (Geology)
Research Associate—Mining and Energy

October 26, 2007

Bell Resources Corporation (TSX.V: BL) – Three Way Merger to Provide Near Term Production Cash-Flow, Long Term Outlook Very Strong

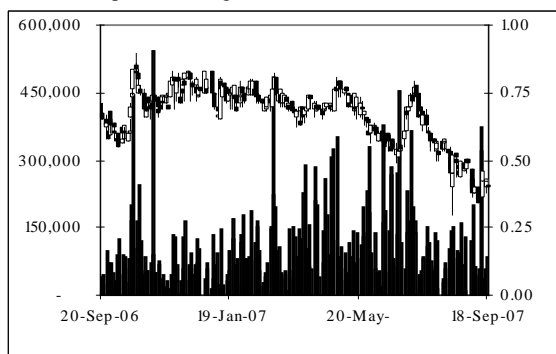
Sector/Industry: Junior Mining

www.bellresources.com/www.nexvucapital.com

Market Data (as of October 25, 2007)

Current Price	C\$0.43
Fair Value	C\$1.17 (↓)
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.30 – C\$0.90
Shares O/S	59,767,465
Market Cap	C\$25.70 mm
Current Yield	N/A
P/E	N/A
P/B	2.49
YoY Return	-44.9%
YoY TSX	21.4%

*see back of report for rating and risk definitions



Investment Highlights

- Bell Resources is proposing a three-way merger with Grandcru Resources Corporation (TSX.V: GR) and Rogue River Resources Corp. (a private company).
- Rogue River's La Balsa project offers near term production potential and cash flow to fund exploration and development.
- Bell has built a large, diversified, and strategic copper property portfolio in BC and the southwestern United States. The addition of Rogue River and Grandcru adds operations in Mexico and Chile.
- Bell has added four copper porphyry assets of merit in the southwest United States through their Bronco Creek Alliance.
- The company has optioned the Gryphon Summit property, a large copper porphyry target in Nevada with similarities to the Bingham Canyon Mine in Utah.
- Our fair value estimate on the consolidated company is \$1.17 per share. However, if the proposed amalgamation does not go through, our fair value estimate on Bell will drop to \$0.89 per share (our previous estimate was \$1.45 per share).

Risks

- The success of drilling, expansion and determination of favorable resource estimates are important long-term success factors for the company.

Key Financial Data (FYE - December 31)

(C \$)	2003	2004	2005	2006	Q2-2007
Cash	98,989	277,508	1,411,535	1,560,480	829,481
Working Capital	(224,916)	(42,520)	1,260,299	1,478,565	427,924
Mineral Assets	501,302	1,267,623	2,866,992	7,021,230	9,451,987
Total Assets	682,194	1,597,046	4,445,575	8,818,210	10,864,643
Net Loss	(295,726)	(424,670)	(1,504,056)	(2,170,493)	(1,837,450)
Loss per Share	(0.02)	(0.02)	(0.05)	(0.05)	(0.03)

Bell Resources Corporation is proposing a merger with Grandcru Resources Corporation and Rogue River Resources Corp. to create a copper focused company with a diverse property portfolio in BC, the southwestern US, Mexico, and Chile. Rogue River's La Balsa project offers near term production potential to finance exploration and development on the company's advanced stage properties.

Overview This update reports on the proposed three-way amalgamation of Bell Resources Corporation, Grandcru Resources Corporation, and Rogue River Resources Corp. These three companies are under the Nexvu Capital Corp. umbrella and share common management, technical personnel, office space, and corporate strategy. This amalgamation is proposed to more efficiently advance the three companies' projects, benefit from exploration success, and utilize cash flow from the near term La Balsa Mine to build the company into a mid tier base metals producer with a large property portfolio. The company's growth strategy is based on that of Agnico-Eagle (TSX: AEM), Goldcorp (TSX:G), and other majors. They aim to generate high cash flows through production, which will self-fund exploration and development of their property portfolio. This strategy is designed to minimize dilution. Details relating to capital structure and cash position of the resulting company are presented later in the report.

Bell Resources Corporation In our initial report, dated May 3, 2007, we introduced Bell Resources Corporation. The company is focused on mineral exploration in British Columbia and the southwestern United States. Many of these properties have significant evidence of economic mineralization and are located in the region of producing mines. They are largely focused on copper and other base metals. Bell's corporate strategy is to advance exploration efforts quickly and efficiently, with a goal to take their properties into development and production to become a mid-tier base metals producer. Their most advanced property is the former Grandcru copper mine in northwest British Columbia. The company continues to expand their copper porphyry property portfolio in the southwestern United States.

Rogue River Resources Corp. Rogue River Resources Corporation has been advancing the La Balsa Copper deposit in Michoacan, Mexico. The company has invested \$12.5 million to date and is financed through definitive feasibility. A NI 43-101 compliant resource estimate is in progress. Detailed engineering and mine planning is largely completed. The company hopes to begin production on the soluble copper resource in Q4-2008.

Grandcru Resources Corporation To date, Grandcru Resources has been exploring a number of early stage projects in North and South America. They have interests in a uranium property in Ontario, two gold properties in Nevada, a copper porphyry project in Chile, and a gold and silver property in Mexico. Going forward, we expect Grandcru to focus on acquisition and exploration of copper assets in Chile, and divest their other properties through joint venture or other means.

La Balsa **Property Overview:** The 2,769 hectare La Balsa property is an advanced stage copper property with a three fold growth strategy of exploiting oxide, sulfide, and porphyry copper. The project is fully funded through definitive feasibility. Production of soluble copper is expected to commence in Q4-2008. Due to infrastructure, accessibility, location, and geology, the La Balsa project is believed to be a low cost, high cash flow mine.

Ownership: The company holds 100% interest in the property.

Historic Exploration/Production: Copper mineralization was discovered on the property in the 1950s. It has undergone extensive exploration and favorable economic project studies, but various reasons prevented previous companies from putting it into production. The most

recent company to explore the property was Fischer-Watt, who confirmed high-grade copper mineralization in the early 2000s, but was prevented from pursuing the property due to low copper prices. When Rogue River acquired the property in late 2005, approximately 100 drill holes had been completed.

Since early 2006, Rogue River has significantly advanced the project, including geophysics, 175 drill holes, internal resource estimates, economic studies, and mine planning. Environmental baseline studies have been completed and mine permitting is underway. A SX-EW electrowinning plant has been purchased.

Accessibility and Infrastructure: A great advantage of the project is its access to infrastructure. Power, water, rail, and road access are available on the property. The project is within 14 kilometers of the port city of Lazaro Cardenas in Michoacan, Mexico. These factors combine to make transportation costs low. Surface rights to the property have been acquired. The company has established a base of operations in the region, with a full time project manager and mine engineer. A well educated, knowledgeable mining workforce is available in Mexico, and the company employs Mexican nationals whenever possible.

Geology and Mineralization: There are three different copper resources identified on the property. Three breccia pipes, La Virgen, Iguana Prieta, and Playa Azul, are the priority for production at this time. The oxidized cap of these three deposits is composed of acid soluble oxidized copper minerals. Copper sulfide mineralization, enriched in bornite, is found below the oxidized cap. The exploration to date provides evidence of a large copper porphyry body on the property, but it has not been drilled at this time. The company has identified a number of additional copper targets beyond the three known deposits that will be explored.

Metallurgy: The company has purchased a 30 million pound/year SX-EW plant that will recover acid leached copper from oxidized ore. In the medium term, the company intends to build a conventional flotation processing plant to exploit the sulfide copper resource below the oxidized cap.

Current Status: A NI 43-101 compliant resource estimate, completed by Behre Dolbear, and an internal prefeasibility study are expected in October 2007. This will be quickly followed by a definitive feasibility study to be completed by January 2008. This will allow the company to raise money for development of the project. They expect to utilize debt and equity financing.

The company recently released high grade drilling results from a number of deposits on the property. Drilling is planned for the copper porphyry target in Q1-2008.

Development Timeline: Following the completion of the definitive feasibility study, the company plans to begin development and construction. The current capital expenditure estimate for production of soluble copper is US\$20 million. Production is expected in Q4-2008.

Resource Estimate: This property does not have any NI 43-101 compliant resource

estimates at this time. A historic non NI 43-101 compliant resource estimate of 160 million pounds of copper was estimated by Cyprus Minerals in the 1950s. Nevada Star Resources estimated 200 million pounds of copper in the late 1990s, based on previous drilling.

Granduc Property

Property Overview: The Granduc property is Bell's most advanced project. It is a large Besshi style VMS copper deposit that was historically mined. Through exploration, the company has delineated mineralization over a 4 kilometer long trend from the 750 meters of historic workings.

Current Status: In 2008, the company is planning to rehabilitate underground workings to conduct underground sampling and continue with exploration. This program has an estimated cost of \$3 million. Access to underground workings, as well as the construction of new underground workings, will allow the company to delineate a NI 43-101 compliant resource.

Resource Estimate: This property has a historic resource estimate of 5,083,178 tonnes grading 1.84% copper remaining in-situ upon the closure of the mine in 1985. The North Zones have an historic resource estimate of 2,100,000 tonnes averaging 2.19% Cu and 2,640,000 tonnes averaging 1.80% Cu respectively in Zones 1 and 2.

Conclusions: We believe the Granduc property offers significant potential for a large resource at high copper grades, as the North and South Zones seem to be higher grade than the former mine. We expect the company to seek a partner to advance this large asset, which will require significant time and capital to develop properly.

Fox River Property

Property Overview: The approximately 200,000 hectare Fox River property is located in the Thompson, Manitoba region where many rich nickel and copper deposits are located. Bell's joint venture partner conducts exploration on the property and exploration is still early-stage.

Current Status: Callinan was the operator of the 2007 exploration program. In 2007, Callinan drilled 7 holes targeting VTEM anomalies. Six of the seven holes intersected massive sulfides, which explains the anomalous response. Of interest was the notable zinc and copper values, which may indicate a volcanogenic massive sulfide deposit. A geochemical survey has been completed to better delineate drilling targets. Further drilling is planned for 2008.

Sombrero Butte Property

Property Overview: The 650 acre Sombrero Butte is a historic producer of copper in eastern Arizona. The company is targeting copper bearing breccia pipes as a quick route to production.

Current Status: The company has completed a 20 hole shallow drilling program designed to test many of the copper-bearing breccia pipes on the property. Since our initial report, the company has reported assay results from the Rattler, Audacious, Sunset, Saguaro, and Victors breccia pipes. Many of these drilling results have been very high-grade with respect to copper.

The company temporarily suspended drilling at Sombrero Butte to complete a drilling program at Kabba. They plan to complete a deep drilling program in Q1-2008 targeting porphyry mineralization intersected below the Magna breccia pipe.

Potential: The company has begun to delineate an oxide copper resource, which could be put into production quickly using acid leaching and SXEW copper recovery. The presence of sulfide copper and copper porphyry provides a longer-term growth strategy for the property. According to management, this property is a top priority for development utilizing cash flows from La Balsa.

Kabba Property

Property Overview: This property is an early stage exploration property targeting a large buried copper porphyry deposit. The Kabba property is located along trend between Phelps Dodge's Bagdad Mine to the south and Mercator Minerals' Mineral Park Mine to the north.

Current Status: The company's drilling program has intersected copper porphyry related mineralization. Further drilling results are expected. This confirms the company's exploration model and indicates we will see further exploration on the property going forward.

Gryphon Summit Property

Property Overview: The Gryphon Summit property is the most recent addition to the company's portfolio. The property is located in Eureka County, a well-known mining region in northeastern Nevada. Gryphon Summit is considered a copper-gold-molybdenum porphyry target, with potential for Carlin style gold mineralization as well.

Ownership: Bell entered into an option agreement with Golden Gryphon USA Inc. in September 2007. Bell can earn a 75% interest by making cash payments to Golden Gryphon totaling US\$1.9 million over three years and spending US\$9.0 million over three years.

Historic Exploration: Golden Gryphon has spent \$2.4 million on the property and have completed surface sampling, geochemical surveys, and geophysical surveys that suggest the presence of a large intrusive body. They have identified a 7 by 16 kilometer anomaly that may represent overlapping hydrothermal systems and an underlying intrusive body. The geologic work completed to date suggests the deposit is comparable to the world class Bingham Canyon and Resolution porphyry deposits in Utah and Arizona, respectively.

The only historic drilling has been for near surface Carlin style gold deposits. No deep drilling to test deep Carlin and porphyry targets has been completed.

Accessibility and Infrastructure: Most of the property is readily accessible using county maintained dirt and gravel roads.

Current Status: A deep drilling program targeting porphyry style mineralization is planned for Q4-2007. Permits have been secured for this drilling program.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Zomo Property **Property Overview:** The Zomelahuacan silver property in Veracruz, Mexico was optioned to Chesapeake Gold Corp (TSXV: CKG). Chesapeake can earn 90% interest in the property. To earn 70% interest, Chesapeake must pay \$210,000 to the underlying owner over three years, spend US\$900,000 on the property over three years, and assume payment of property taxes. They can increase their interest to 90% by paying US\$1.2 million to the underlying owner by December 19, 2011, and spending US\$500,000 on the property in 2011. Bell retains a 10% interest and 1% NSR royalty, and the underlying owner retains a 3% NSR.

A-Train Property The company has dropped the A-Train option.

Bronco Creek Exploration Inc. **Overview:** In April 2007, the company entered into an agreement with a private exploration company, Bronco Creek Exploration Inc., comprised of a technical team of economic geologists that have built a portfolio of properties in the southwestern United States. Under the agreement, Bell will fund Bronco Creek's exploration and administrative expenses for up to US\$500,000 per year. Bell must spend US\$1 million on each property with exploration potential to own 75%. A joint venture will then be formed, and Bell will arrange for financing to the feasibility stage for both Bronco and Bell. Upon production, payback will be made to Bell for reimbursement for having funded Bronco's share of the costs under the joint venture terms. The company has acquired four properties under the Bronco Creek Alliance. The company's strategy is to drill a few holes to determine if the project has merit, and pursue or abandon the project quickly when the results are received.

Superior West **Property Overview:** The Superior West property is of interest because it is believed to host the faulted and down dropped extension of the Magma Vein. The Magma Vein is a large, high-grade copper deposit. The property is located in the Pioneer Mining District, which is "elephant country" for large copper deposits.

Historic Exploration/Production: The Pioneer district hosts three large ore bodies. The Resolution porphyry copper deposit (1 billion tonnes grading 1.5% copper), the Magma vein copper deposit (25 million tonnes grading 5% copper, 1 ppm gold, and 45 ppm silver, and the Superior East porphyry copper (910 million tonnes grading 0.5% copper). The Superior West property is believed to host the western extension of the high grade Magma vein. The property has been drill tested by Superior Oil, who drilled two vertical holes that intersected porphyry mineralization but not the Magma vein. The company is planning to drill angled holes, which will give them a better chance of intersecting a vertical vein structure.

Current Status: Drilling is planned for the first quarter of 2008, subject to permitting. This program will test for copper vein and copper porphyry mineralization.

Mesa Well **Property Overview:** The Mesa Well property is located near the Pinaleno Mountains in southeastern Arizona. The geologic information available suggests multiple types of mineralization may exist on the property. The company is primarily focused on the identification of a copper porphyry system, but there may also be quartz gold veins, epithermal gold-silver veins, and an iron oxide copper gold (IOCG) deposit.

Historic Exploration/Production: Small historic barite, fluorite, copper, and gold mines on the property are evidence of a mineralized system. This project has historic geophysical work and early stage exploration, which helped the company delineate drilling targets quickly.

Current Status: The company announced the commencement of Phase I drilling on September 19, 2007. They are targeting a buried copper porphyry deposit under shallow sedimentary cover. This target was identified through mapping and geophysical surveys.

Red Hills

Property Overview: The Red Hills property is located in Pinal County, Arizona. Bell's geologists believe a new geologic model of a dismembered, rotated copper porphyry deposit will help them succeed in drilling where previous exploration has failed.

Historic Exploration/Production: The name Red Hills comes from red, iron stained outcrops, which is evidence of oxidized pyrite. The company has identified evidence of the upper levels of a copper porphyry system. Mapping, sampling, and prospecting have discovered numerous signs of a copper porphyry system on the property.

Current Status: Geophysical surveys are ongoing to identify drilling targets. Drilling is planned for the first quarter of 2008, subject to permitting.

Silver Bell

Property Overview: The Silver Bell project is located near Tucson, Arizona, in the Silver Bell mining district. The company is targeting copper skarn and copper porphyry mineralization.

Historic Exploration/Production: The project is adjacent to the Silver Bell mine operated by Asarco and Mitsui. The Silver Bell mining district has produced continuously since the 1860s. Total district production is estimated at 84 million tonnes grading 0.76% copper. The company controls the southeastern portion of the Silver Bell district. Geologic modeling and fieldwork suggests that a down dropped fault block may contain mineralization at depth.

Current Status: Drilling is planned for the fourth quarter of 2007, subject to permitting. The company is planning to drill three to five deep holes targeting their three priority targets.

Berta

Property Overview: The history and strategy of the Berta property is similar to Bell's Sombrero Butte property in Arizona. The Berta property, like the Sombrero Butte property, is a historic producer from high-grade breccia pipes. The company is targeting high-grade breccia pipes and a deep porphyry target. Drilling began in the spring of 2007.

Ownership: Grandcru acquired the Berta and La Isla properties in Chile from a business combination with Texas T Minerals in May 2006. The La Isla property has since been dropped.

Historic Exploration/Production: High-grade oxide copper breccia pipes have been mined historically on the property. In December 2006, the company completed a geophysical

survey covering the 200 hectare area of historic production to identify new copper breccia pipes that may be buried.

Current Status: Drilling at Berta began in February 2007 and is still ongoing. Oxide copper, sulfide copper, and underlying copper porphyry related mineralization have been intersected. Drilling results have been medium to high grade with respect to copper and low to high grade with respect to molybdenum.

Resource Estimates: This property does not have any historic or NI 43-101 compliant resource estimates at this time.

Management

The amalgamation of Bell, Grandcru, and Rogue River consolidates a large, experienced, and respected management and technical team.

Grandcru Management

Grandcru shares common management and several directors with Bell Resources Corporation. There is one director for Grandcru, Dr. Geoff Snow, who is not a director for Bell. Bell and Grandcru added a new director, William Harper, in May 2007. Grandcru has a country manager, Anthony Adkins, who is based in Chile and manages the Berta project. Dr. Snow, Mr. Harper and Mr. Adkins' biographies follow.

Geoff Snow, Ph.D. - Director

Dr. Snow's career in the mining business has spanned almost 50 years including ten years as President of Noranda Exploration Inc. (USA). During his tenure at Noranda Exploration, Dr. Snow's work resulted in the discovery of nine deposits. Since 1986, Dr. Snow has been a partner in Barranca Resources consulting to the mining industry in the areas of property evaluation and valuation, exploration management, mineral economics, organizational strategy and planning, reserve audits, commodity studies and mineral exploration program design and implementation. Barranca's clients include BHP Minerals, Chevron Minerals Corp, Kennecott Exploration, Placer Dome, the U.S. Securities and Exchange Commission and the U.S. Trade and Development Agency. Dr. Snow served as Chairman of the Management Advisory Committee of the Society of Economic Geologists from 2000 until 2003. Dr. Snow received his Ph.D. from the University of Utah in 1964.

William S. Harper, MBA, CA - Director

Mr. Harper is a professional accountant with more than 25 years experience in corporate finance and administration with public companies listed in both Canada and the United States, primarily in the mining and high technology industries. Currently he is the Vice-President Finance and Corporate Secretary of a company listed on the TSX Exchange. Prior to joining that company, he was the Chief Financial Officer, Corporate Secretary, and Director of several public companies listed on the TSX Venture Exchange.

Anthony Adkins- Manager of Exploration for Grandcru Resources

Anthony Adkins brings over 25 years of exploration, project, management and mine experience as a geologist and engineer in metal and non-metal mining. His industry experience as both a geologist and mining engineer specifically in the areas of exploration and development, project management and mining operations is a strong addition to BL.

During Mr. Adkins career he has demonstrated expertise in target generation, mapping, evaluation, management and mine production. Mr. Adkin's most recent position was as Exploration Manager for Lisbon Valley Mining Company, a subsidiary of Constellation Copper. From 1999 - 2005 Mr. Adkins was the Mine Engineer for Western Fuels at the New Horizon Mine, where his responsibilities included engineering, geological and environmental activities as well as mine planning and production. Through his career, Mr. Adkins has worked and consulted to various major Mining Companies including both Barrick and Noranda.

Mr. Adkins received a B.Sc. Geology from Georgia State University. He is certified by the American Institute of Professional Geologists and is a Qualified Person under NI 43-101.

Rogue River Resources has a project manager, Brian Jones, who is based in Mexico and manages the La Balsa project. His biography follows.

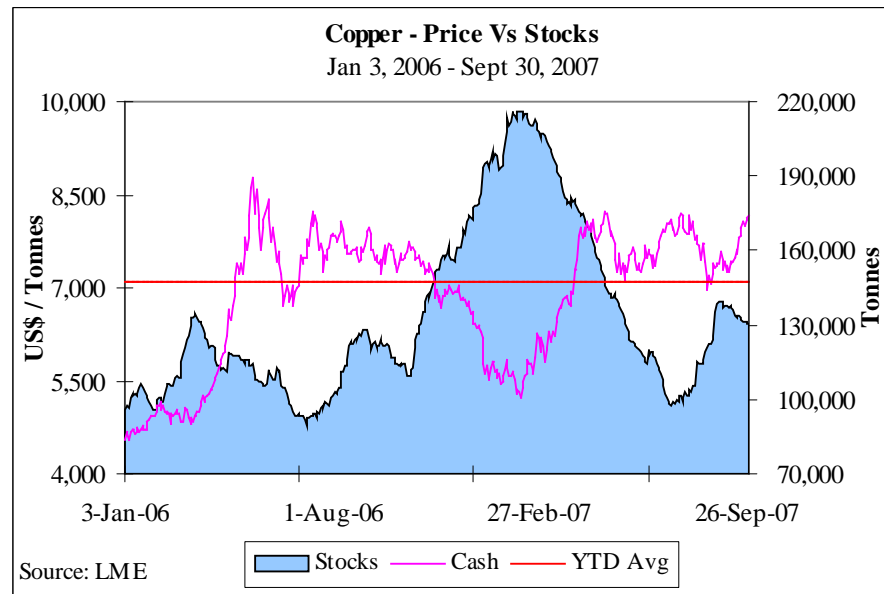
Rogue River Management

Brian K. Jones, B.Sc., M.Sc. – Project Manager for La Balsa

Mr. Jones has over 25 years of industry experience in field studies and project evaluation throughout North America as well as internationally. He holds a M.Sc. from the University of Arizona and a B.Sc. from Stanford University.

Outlook on Copper

As of October 23, 2007, copper was trading at US\$3.56/lb, which reflected a YOY increase of 6.0%. As shown in the chart below, current prices are well above the YTD average price of US\$3.21/lb.



We believe the drop in inventory levels (as shown in the chart above) was one of the major catalysts for the price increase since early 2007. Although copper stocks are slightly up YOY, they have declined considerably from their highs in early 2007. As of September 28, 2007, LME stocks were 130,675 tonnes, which reflects an increase of 36% since the beginning of 2006.

We have maintained our short-term and long-term outlook on copper prices. We believe that strong copper demand from China and India, slightly offset by lower demand from the U.S., will support consumption growth and a decline in the production surplus in 2007.

In 2006, China and India, accounted for 25% of global copper consumption, while the U.S. accounted for 13%. Demand in the U.S. is expected to soften due to a slowdown in the U.S. housing industry, and the U.S. housing industry is not expected to improve before the end of 2008. According to the Copper Development Association, 40% of copper's application is in the construction industry. This implies that the U.S. housing industry only accounts for 5.2% of global consumption. Therefore, we believe, lower demand in the U.S., due to a slowdown in the U.S. housing industry, will only slightly offset global demand growth. Also, the recent rate cut by the U.S. Federal Reserve to tackle the ongoing credit crunch problems, we believe, might help sustain U.S. economic growth, and demand for copper (*The U.S Federal Reserve recently cut rates by 50 basis points to 4.75%, the first cut in over four years.*)

Over the long-term, we continue to expect prices to soften from current price levels based on slower growth in global GDP, and an increase in global production levels. According to the IMF, global GDP growth is expected to decline to 4.9% in 2008, compared to 5.4% in 2006. However, we believe that global economic growth rate forecasts are high enough to support above average historic prices for copper. The average forecasts for copper prices are US\$3.20/lb in 2007, and US\$2.80/lb in 2008, which are significantly higher than historical average prices of copper.

Financials

Cash Position (Bell Resources): We estimate the company had a burn rate (cash spent on operating and investing activities) of \$0.62 million per month in the first six months of FY2007, compared to \$0.45 million per month in FY2006 (12-month period). The table below shows the BL's cash and liquidity position.

	2003	2004	2005	2006	Q2-2007
Working Capital	(224,916)	(42,520)	1,260,299	1,478,565	427,924
Current Ratio	0.4	0.9	5.1	6.5	1.8
LT Debts/ Assets	-	-	-	-	-
Burn Rate (incl exploration costs)	(19,852)	(64,414)	(234,900)	(449,340)	(622,554)
Cash from financing activities	131,124	951,484	3,952,829	5,541,028	3,004,325

At the end of June 2007, BL had cash and working capital of \$0.83 million and \$0.43 million, respectively, compared to cash and working capital of \$1.56 million and \$1.48 million, at the end of FY2006.

In September 2007, Bell entered into a loan agreement with Macquarie Bank Ltd. for gross proceeds of \$2 million by way of a demand loan advanced under a debenture and general security agreement. Bell will pay 1% interest per month until December 31, 2007, and thereafter 2% per month until repayment.

Cash Position (Grandcru Resources): At the end of July 2007, GR had cash and working capital of \$0.28 million and \$0.49 million, respectively. In conjunction with the proposed merger, Grandcru intends to complete a non-brokered private placement to raise \$1.25

million, by issuing 10 million common shares at a unit price of 12.5 cents.

Cash Position (Rogue River Resources): Macquarie Bank, Endeavour Capital and RAB Capital, are Rogue River’s primary institutional investors. Since Rogue River is not a public company, we do not have precise information on the company’s current cash position. The company has an outstanding US\$3 million unsecured convertible debenture issued to RAB Special Situations (Master) Fund Limited. The debenture is convertible into common shares at the lesser of US\$0.75 or a 25% discount to the deemed price at which Rogue River completes an initial public offering or business combination resulting in Rogue River becoming part of a public company).

Rogue River also received a \$2 million convertible loan from Macquarie Bank Ltd. The loan will be convertible into common shares at the lesser of C\$0.78 and a 25% discount to the deemed price at which Rogue River completes an initial public offering, or business combination resulting in Rogue River becoming part of a public company).

**Post-Merger
Cash Position
and Capital
Structure**

Capital Structure: The proposed merger transaction is as shown below.

- Each outstanding share of BL will be exchanged for one new share of the resulting company.
- As GR and BL were trading at a ratio of 0.25:1, when the merger announcement was made, each outstanding share of GR will be exchanged for 0.25 of a share of the resulting company.
- Management valued Rogue River at \$0.90 per share, and therefore each outstanding share of Rogue River will be exchanged for 1.8 new shares of the resulting company.
- The outstanding share capital of the resulting company will be consolidated on a two for one basis.

Based on all the above-mentioned parameters, we expect the resulting company to have 67.53 million shares, and 23.47 million stock options and warrants outstanding.

Post Merger Capital Structure	Current	Post Merger
Bell Resources	59,527,465	29,763,733
Grandcru Resources	68,771,268	8,596,409
Rogue River	32,410,333	29,169,300
Resulting Shares	160,709,066	67,529,441

Options and Warrants		
Bell Resources	8,449,222	4,224,611
Grandcru Resources	20,448,824	2,556,103
Rogue River	18,545,000	16,690,500
Resulting Options and Warrants	47,443,046	23,471,214

The three companies combined intend to raise up to \$5.25 million (Bell and Rogue have already raised their share of \$2 million each) when the proposed merger is completed. Our estimate of the total number of diluted shares of the consolidated company (assuming the funds from exercise of all the ‘in-the-money’ options and warrants will be used to buy back common shares) is 74.82 million.

Conclusion: Based on our discussions with management, the resulting company intends to spend \$2 million on La Balsa, and at least \$2.15 million on its other properties for the rest of the year. The development of the tunnel in Granduc (costing \$2.5 million) will begin in spring 2008.

Based on each company's current cash position, and the proposed financings, we believe the resulting company will be in a good position to pursue the proposed exploration and development work.

Valuation

Since all three companies in the proposed amalgamation are under the Nexvu Capital Corp. umbrella, and share common management, technical personnel, office space, and corporate strategy, we believe the proposed amalgamation will be completed smoothly in the next 2 - 3 months. In the next section, we present our valuation on the consolidated company.

In our initiating report, we had valued Bell exclusively based on the value of the Granduc project. We valued the consolidated company based on its most advanced projects, the La Balsa project and the Granduc project, using a Discounted Cash Flow model and a real options analysis. Since all the other properties are in very early stages, we valued them based on their book value, for conservatism.

Valuation on the Granduc Project: Below is our revised real options valuation on the Granduc project.

Real Options Valuation Model - Granduc Property					
	Resources (in tonnes)	Grade %	Contained Metal (in lbs)	Price of Cu (US\$/lb)	Value (C\$)
Copper	9,823,178	1.90%	412,353,662	2.50	963,876,686
Operating Costs (\$/tonne)	\$40.00			Total Value (C\$)	\$963,876,686
Recovery	85%			Operating Costs (C\$)	\$392,927,120
C\$/US\$	1.10			Net Value (C\$)	\$570,949,566
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tons)					9,823,178
Estd. Value of Minerals if extracted today					\$314,767,610
Annualized Standard Deviation of Mineral prices					26.0%
Capital Investment					\$175,000,000
Estd. Mine Life (years)					3.5
Riskfree Rate					4.20%
Output					
Stock Price	\$314,767,610			T.Bond rate	4.20%
Strike Price	\$175,000,000			Variance	0.07
Expiration (in years)	3.5			Annualized div yiel	15.04%
d1 =	0.668				
N(d1) =	0.748		Value of option		\$52,540,631
d2 =	0.181		No of outstanding shares (diluted)		74,812,638
N(d2) =	0.572		Value per share		\$0.70

We made the following noteworthy changes in our model.

- Increased commodity price forecast from US\$1.75/lb to US\$2.50/lb
- Reduced long-term forecasts of C\$/US\$ from 1.15 to 1.10
- Delayed commencement in production by one year
- Increased the dividend yield (cost of delay), which is one of the inputs for the real options

- valuation model, from 12.94% to 15.04%, as a result of higher commodity price forecasts
- We have also reduced our estimate of the annualized standard deviation of copper prices from 35% to 26%

As a result of all these changes, our real options valuation on the Granduc project dropped from \$72.06 million to \$52.54 million.

In this report, we also performed a DCF analysis to check our real options valuation. Our DCF valuation on the project is \$40.00 million, or \$0.53 per share. A summary of our valuation model is shown below.

DCF Valuation Summary - Granduc Property	
Resource (in tonnes)	9,823,178
Wt. average grade (%)	1.90%
Contained Metal (in lbs)	412,353,662
Recovery	85.0%
Production Commencement	2012
Mill Processing (tpd)	8,000
Mine Life (in years)	3.5
Copper Price (in US\$/lb)	\$2.25
Operating Costs (\$/tonne)	\$40.00
Capital Costs (in \$mm)	\$175
Discount Rate	11.6%
Net Present Value	\$40,002,663
No. of Shares (diluted)	74,812,638
Value per Share	\$0.53

Our average fair value estimate (based on our DCF and real options valuation models) on the Granduc Project is \$46.27 million, or \$0.62 per share.

Valuation on the La Balsa Project: Our DCF valuation and real options valuation on the La Balsa project are \$27.15 million (\$0.36 per share) and \$32.56 million (\$0.44 per share), respectively (shown below).

DCF Valuation Summary - La Balsa	
Resource (in tonnes)	6,270,250
Wt. average grade (%)	1.00%
Production Commencement	Q2 - 2009
Production (Soluble)	Years 1 - 5 (15 mm lbs / yr)
Production (Sulphide)	Years 3 - 5 (15 mm lbs / yr)
Recovery (Soluble)	85%
Recovery (Sulphide)	90%
Copper Price (US\$/lb)	\$2.50 (2009 - 10); \$2.25 (2011+)
Capital Costs (in \$ mm)	\$70
Operating Costs (\$/tonne)	\$16.5 (soluble); \$21.5 (sulphide)
Discount Rate	13.1%
Net Present Value	\$27,151,331
No. of Shares (diluted)	74,812,638
Value per Share	\$0.36

Real Options Valuation Model - La Balsa Project					
	Resources (in tonnes)	Grade %	Contained Metal (in lbs)	Price of Cu (US\$/lb)	Value (C\$)
Copper	6,270,250	1.00%	138,235,350	2.50	330,000,000
				Total Value (C\$)	\$330,000,000
				Operating Costs (C\$)	\$117,299,125
C\$/US\$	1.1			Net Value (C\$)	\$212,700,875
Inputs relating to the underlying asset					
Est'd. Mineral Resources (in tons)					6,270,250
Est'd. Value of Minerals if extracted today					\$156,567,178
Annualized Standard Deviation of Mineral prices					26%
Capital Investment					\$70,000,000
Est'd. Mine Life (years)					5.0
Riskfree Rate					4.20%
Output					
Stock Price	\$156,567,178			T.Bond rate	4.20%
Strike Price	\$70,000,000			Variance	0.07
Expiration (in years)	5.0			Annualized div yield	12.61%
d1 =	0.952				
N(d1) =	0.829		Value of Option		\$32,558,587
d2 =	0.371		No of outstanding shares (diluted)		74,812,638
N(d2) =	0.645		Value per share		\$0.44

We have valued the La Balsa project based on 5-year production of soluble copper (oxide) at 15 million lbs per year, and 3-year production of sulphide copper at 15 million lbs per year. We estimate sulphide production will commence in Year 3 of production. Since the project does not have a 43-101 compliant resource estimate yet, we have used conservative estimates for our preliminary valuation on the project. For conservatism, we have not valued the potential of porphyry copper production. All our assumptions and inputs for the valuation model are presented in the above tables.

Our average fair value estimate (based on our DCF and real options valuation models) on the La Balsa Project is \$29.85 million, or \$0.40 per share.

Valuation Summary: Adding the book value of the consolidated company's other properties to our valuation on the Granduc and the La Balsa projects, we estimate the fair value of Bell Resources at \$1.17 per share.

Valuation summary of the consolidated company		
	Value	Value per share
Granduc	\$46,271,654	0.62
La Balsa	\$29,854,961	0.40
Other Properties (book value)	\$12,341,342	0.16
Working Capital	\$6,171,330	0.08
Total Debt	\$7,000,000	0.09
Fair Value	\$87,639,287	1.17
Shares (consolidated)	74,812,638	

Comparables Analysis: We did not perform a comparables analysis this time, as we are not aware of any ideal comparable. We normally choose comparables based on location, stage of the project and target mineralization. Based on its current projects, we believe that Bell does not have any ideal comparable company at this stage. This is because most of Bell's comparables with projects in Canada and Mexico focus on copper, gold and silver whereas Bell's advanced projects focus only on copper. Although there are several companies that focus only on copper in South America and Canada, we cannot use them as comparables as they target primarily copper porphyry deposits, which have relatively lower grades (neither of the company's advanced stage projects, Granduc and La Balsa, are porphyry projects).

We also present our valuation on Bell, if the proposed amalgamation does not go through. The table below shows a summary of our revised valuation. Note that our valuation on the company is based exclusively on the value of the Granduc property.

Valuation Summary		
	Value	Value per share
Granduc	\$46,271,654	0.76
Book Value of Other Properties	\$5,661,161	0.09
Working Capital	\$4,427,924	0.07
Debt	\$2,000,000	0.03
Fair Value	\$54,360,739	0.89
Shares	60,930,372	

Our revised valuation on Bell dropped from \$1.45 per share to \$0.89 per share as we lowered our valuation on the Granduc property. Also, in our previous report, we had valued Bell based on a real options model and a relative valuation. In this report, we used a DCF model and a real options model to determine the fair value of the company. We discontinued valuing the company based on a relative valuation for reasons mentioned earlier.

The proposed amalgamation of Bell, Grandcru, and Rogue River has always been in the company's strategy to provide near-term cash flow and build an impressive portfolio of base metals assets throughout the Americas. We are impressed with the quality of Bell's assets and are optimistic about the future of the company. Over the next year, the company will test a number of new targets to determine their merit, which could provide considerable upside.

Conclusions & Rating

Since we believe that there is a good chance (more than 50%) that the proposed amalgamation will be completed, we set the fair value of Bell based on our valuation on the consolidated company. Therefore, based on our valuation models and analysis of the company's projects, we reiterate our BUY rating (Risk 5: Highly Speculative) on Bell Resources, but lower our fair value estimate from \$1.45 per share to \$1.17 per share. However, investors should note that our fair value per share estimate on Bell will drop to \$0.89 per share if the proposed amalgamation is not completed.

Risks The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The company has not defined any NI 43-101 compliant resource estimates and does not currently have any operating mines.
- The success of drilling, determination of favorable resource estimates, and project studies are important long-term success factors for the company.
- The value of the company depends on commodity prices.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

Disclaimers and Disclosure

The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees of less than \$30,000 have been paid by BL to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, BL has agreed to a minimum coverage term including an initial report and three updates. Coverage cannot be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time. The performance of FRC's research is ranked by Investors. Full rankings and are available at www.investars.com.

The distribution of FRC's ratings are as follows: BUY (79%), HOLD (9%), SELL (5%), SUSPEND (7%).

To subscribe for real-time access to research, visit <http://www.researchfrc.com/subscription.htm> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

Fundamental Research Corp is registered with the British Columbia Securities Commission as a Securities Adviser which is not in any way an endorsement from the BCSC. The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction