

Edgar Filing: BAY RESOURCES LTD - Form 10-Q

BAY RESOURCES LTD  
Form 10-Q  
May 15, 2001

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001 or  
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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-16097  
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BAY RESOURCES LTD

-----  
(Exact name of Registrant as specified in its charter)

Delaware

98-0079697

-----  
(State or other jurisdiction of  
incorporation or organisation)

-----  
(IRS Employer  
Identification No.)

210 Kings Way South Melbourne, Victoria, 3205 Australia

-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 011 (613) 9234 - 1100  
-----

Securities registered pursuant to Section 12(b) of the Act :

| Title of each class | Name of each exchange<br>on which registered |
|---------------------|--|
| N/A<br>---          | N/A<br>---                                   |

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, par value \$.0001 per share  
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements the past 90 days.

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Yes      X    No  
-----    -----

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the restraint has filed all documents and reports required to be filed by Section 12,13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes    No  
-----    -----

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were 6,347,089 outstanding shares of Common Stock as of March 31, 2001.

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PART 1

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTRODUCTION TO INTERIM FINANCIAL STATEMENTS.

The interim financial statements included here in have been prepared by Bay Resources Ltd. (the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (The "Commission"). Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2000.

Effective October 17, 2000 the Company changed its name to Bay Resources Ltd.

In the opinion of management, all adjustments, consisting only of normal recurring adjustments and consolidating entries, necessary to present fairly the consolidated financial position of the Company and subsidiaries as of March 31, 2001 and March 31, 2000, the results of its consolidated operations for the three and nine month periods ended March 31, 2001 and March 31, 2000, and the changes in its consolidated cash flows for the three and nine month periods ended March 31, 2001 and March 31, 2000, have been included. The results of operations for the interim periods are not necessarily indicative of the results for the full year.

UNLESS OTHERWISE INDICATED, ALL FINANCIAL INFORMATION PRESENTED IS IN AUSTRALIAN DOLLARS.

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BAY RESOURCES LTD. AND SUBSIDIARY  
 Consolidated Balance Sheets  
 March 31, 2001 and June 30, 2000  
 and March 31, 2000  
 (Unaudited)

ASSETS  
 -----

|                           | A \$000's<br>Mar 31<br>2001<br>----- | A \$000's<br>June 30<br>2000<br>----- | A \$000's<br>Mar<br>2000<br>----- |
|---------------------------|--------------------------------------|---------------------------------------|-----------------------------------|
| Current Assets:           |                                      |                                       |                                   |
| Cash                      | \$ 6                                 | \$ 2                                  | \$                                |
| Total Current Assets      | 6                                    | 2                                     |                                   |
| Other Assets:             |                                      |                                       |                                   |
| Investments               | 49                                   | 49                                    | 4,                                |
| Organisational Costs, net | -                                    | -                                     |                                   |
| Total Other Assets        | 49                                   | 49                                    | 4,                                |
| Total Assets              | \$ 55<br>=====                       | \$ 51<br>=====                        | \$ 4,<br>=====                    |

LIABILITIES AND STOCKHOLDERS' EQUITY  
 -----

|   |                |                |                |
|---|----------------|----------------|----------------|
| Current Liabilities:                          |                |                |                |
| Accounts Payable and Accrued Expenses         | \$ 314         | \$ 285         | \$             |
| Total Current Liabilities                     | 314            | 285            |                |
| Long-Term Debt                                | 627            | 214            |                |
| Total Liabilities                             | 941            | 499            |                |
| Stockholders' Equity (Deficit):               |                |                |                |
| Common Stock: \$.0001 par value               |                |                |                |
| 25,000,000 shares authorised,                 |                |                |                |
| 6,347,089 issued and outstanding              | 1              | 1              |                |
| less Treasury Stock at Cost, 50,000 shares    | (20)           | (20)           |                |
| Additional Paid-in-Capital                    | 25,175         | 25,175         | 25,            |
| Accumulated other Comprehensive Loss          | (6,456)        | (6,456)        | (2,            |
| Retained Deficits                             | (19,586)       | (19,148)       | (19,           |
| Total Stockholders' Equity (Deficit)          | (886)          | (448)          | 3,             |
| Total Liabilities and<br>Stockholders' Equity | \$ 55<br>===== | \$ 51<br>===== | \$ 4,<br>===== |

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The accompanying notes are an integral part of these consolidated financial statements.

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BAY RESOURCES LTD. AND SUBSIDIARY  
 Consolidated Statements of Operations  
 Three Months Ended March 31 2001 and 2000  
 and nine months ended March 31, 2001 and 2000  
 (Unaudited)

|  | A\$000's<br>Three<br>Months<br>Ended<br>Mar 31<br>2001<br>----- | A\$000's<br>Three<br>Months<br>Ended<br>Mar 31<br>2000<br>----- |
|--|---|---|
| Revenues:  | \$ -  | \$ -  |
| Other Income:  | -   | -   |
|  | -----   | -----   |
| Costs and Expenses:  |   |   |
| Interest Expense:  | 22  | 8   |
| Legal, Accounting & Professional   | 9   | 40  |
| Administrative   | 87  | 31  |
|  | -----   | -----   |
|  | 118   | 79  |
|  | -----   | -----   |
| Loss from Operations:  | (118)   | (79)  |
| Foreign Currency Exchange Gain (Loss)  | -   | -   |
|  | -----   | -----   |
|  | -   | -   |
|  | -----   | -----   |
| Income (Loss) before Income Tax  | (118)   | (79)  |
| Provision for Income Tax   | -   | -   |
|  | -----   | -----   |
| Net Income (Loss)  | \$ (118)  | \$ (79)   |
|  | =====   | =====   |
| Earnings Per Common Equivalent Share From<br>Continuing Operations (cents per share) | \$ (.02)  | \$ (.01)  |
|  | =====   | =====   |
| Weighted Number of Common Equivalent Shares<br>Outstanding 000's                     | 6,347   | 6,347   |
|  | =====   | =====   |

The accompanying notes are an integral part of these consolidated financial statements.

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BAY RESOURCES LTD. AND SUBSIDIARY  
 Consolidated Statements of Stockholders' Equity  
 March 31, 2001 and June 30, 2000  
 and March 31, 1999  
 (Unaudited)

|   | Shares | Common<br>Stock<br>Amount | Treasury<br>Stock at<br>Cost | Paid in<br>Capital | Retained<br>Earnings<br>(Deficit) |
|---|--------|---------------------------|------------------------------|--------------------|-----------------------------------|
|   | 000's  | A\$000's                  | A\$000's                     | A\$000's           | A\$000's                          |
|   | -----  | -----                     | -----                        | -----              | -----                             |
| Balance June 20, 1998                           | 46,942 | \$ 9,388                  | \$ (20)                      | \$ 11,592          | \$ (18,267)                       |
| Comprehensive Income                            |        |                           |                              |                    |                                   |
| Net unrealised loss on<br>marketable securities | -      | -                         | -                            | -                  | -                                 |
| Net income year ended<br>6-30-99                | -      | -                         | -                            | -                  | (488)                             |
| Total Comprehensive Income                      | -      | -                         | -                            | -                  | -                                 |
| Balance June 30, 1999                           | 46,942 | 9,388                     | (20)                         | 11,592             | (18,755)                          |
| Comprehensive Income                            |        |                           |                              |                    |                                   |

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|  |          |         |         |           |             |
|--|----------|---------|---------|-----------|-------------|
| Net unrealised gain on marketable securities           | -        | -       | -       | -         | -           |
| Net income year ended 6-30-00                          | -        | -       | -       | -         | (393)       |
| Total Comprehensive Income                             | -        | -       | -       | -         | -           |
| 20 for 1 Reverse Stock Split                           | (44,595) | (9,387) | -       | 9,387     | -           |
| Issuance of 4,000,000 shares in lieu of debt repayment | 4,000    | -       | -       | 4,076     | -           |
| Sale of 8,000,000 options to purchase common stock     | -        | -       | -       | 120       | -           |
| Balance 6-30-00  | 6,347    | 1       | (20)    | 25,175    | (19,148)    |
| Comprehensive Income                                   |          |         |         |           |             |
| Net unrealised gain on marketable securities           | -        | -       | -       | -         | -           |
| Net income nine months ending 3-31-01                  | -        | -       | -       | -         | (438)       |
| Total Comprehensive Income                             | -        | -       | -       | -         | -           |
| Balance 3-31-01  | 6,347    | \$ 1    | \$ (20) | \$ 25,175 | \$ (19,586) |

The accompanying notes are an integral part of these consolidated financial statements.

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BAY RESOURCES LTD. AND SUBSIDIARY  
 Consolidated Statements of Cash Flows  
 Nine Months Ended March 31, 2001 and 2000  
 and Year Ended June 30, 2000  
 (Unaudited)

|                                       | A \$000's<br>9 Months<br>Ended<br>Mar 31<br>2001<br>----- | A \$000's<br>Year<br>Ended<br>June 30<br>2000<br>----- | A<br>9 |
|---------------------------------------|---|--|--------|
| CASH FLOWS FROM OPERATING ACTIVITIES: |   |  |        |
| Net Income (Loss)                     | \$ (438)  | \$ (393)   |        |
| Adjustments:                          |   |  |        |
| Foreign Currency Translation          | -   | -  |        |
| Depreciation and Amortisation         | -   | -  |        |
| Loss on Disposition of Assets         | -   | -  |        |

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|   |       |       |
|---|-------|-------|
| Change Net of Effects of Subsidiary               |       |       |
| Acquisitions:                                     |       |       |
| Organisational costs                              | -     | 1     |
| Accounts Receivable                               | -     | -     |
| A/P and Accrued Liabilities                       | 29    | (11)  |
|   | ----- | ----- |
| Net Cash Provided (Used) in Continuing Operations | (409) | (403) |
|   | ----- | ----- |
| CASH FLOW FROM INVESTING ACTIVITIES:              |       |       |
| Investment in Treasury Stock                      | -     | -     |
| Investment in Subsidiary                          | -     | -     |
|   | ----- | ----- |
| Net Cash Provided (Used) in Investing Activities  | -     | -     |
|   | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES:             |       |       |
| Net Borrowing under Credit Line Arrangements      | -     | -     |
| Net Borrowing from Affiliates                     | 413   | 284   |
| Sale of Options                                   | -     | 120   |
|   | ----- | ----- |
| Net Cash Provided by Financing Activities         | 413   | 404   |
|   | ----- | ----- |
| Net Increase (Decrease) in Cash                   | 4     | 1     |
| Cash at Beginning of Year                         | 2     | 1     |
|   | ----- | ----- |
| Cash at End of Year                               | \$ 6  | \$ 2  |
|   | ===== | ===== |
| Supplemental Disclosures:                         |       |       |
| Common Stock Issued in Lieu of                    |       |       |
| Debt Repayment \$                                 | -     | 4,076 |
| Interest Paid (Net Capitalised)                   | 51    | 80    |
| Income Tax Paid \$                                | -     | -     |

The accompanying notes are an integral part of these consolidated financial statements

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BAY RESOURCES LTD. AND SUBSIDIARY  
Notes to Consolidated Financial Statements  
March 31, 2001, June 30, 2000 and  
March 31, 2000

(1) ORGANISATION

Bay Resources Ltd. (Bay Resources) is incorporated in the State of Delaware. The principal shareholder of Bay Resources is Edensor Nominees Proprietary Limited (Edensor), an Australian corporation. Edensor owned 78.8% of Bay Resources as of

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March 31, 2001.

Bay Resources acquired a controlling interest on September 3, 1987 in former subsidiary, Solmecs Corporation N.V. ("Solmecs") and 100% ownership on January 2, 1992. Bay Resources sold its interest in Solmecs effective June 5, 1998.

During fiscal 1998, Bay Resources incorporated a further subsidiary, Baynex.com Pty Ltd, under the laws of Australia. Baynex.com Pty Ltd has not traded since incorporation.

On October 17, 2000 the Company changed its name to Bay Resources Ltd. The change in name is based on the direction the Company wishes to proceed in the future, being focused on opportunities in the mining & exploration area.

(2) INVESTMENT SECURITIES

The following is a summary of Investment Securities at March 31, 2001, June 30, 2000 and March 31, 2000:

|  | A\$000's<br>Mar 31<br>2001<br>----- | A\$000's<br>June 30<br>2000<br>----- | A\$000's<br>Mar 31<br>2000<br>----- |
|--|-------------------------------------|--------------------------------------|-------------------------------------|
| Investment Cost Method                         | 4,516                               | 4,516                                | 4,516                               |
| Trading Securities:                            |                                     |                                      |                                     |
| Marketable Equity                              |                                     |                                      |                                     |
| Securities, at cost                            | -                                   | -                                    | -                                   |
| Gross Unrealised Gains                         | -                                   | -                                    | -                                   |
| Gross Unrealised Losses                        | (4,467)                             | (4,467)                              | (401)                               |
|  | -----                               | -----                                | -----                               |
| Marketable Equity Securities,<br>at fair value | 49<br>=====                         | 49<br>=====                          | 4,115<br>=====                      |

The investment using this cost method is carried at cost. Dividends received from the investment carried at cost are included in other income. Dividends received in excess of the Company's proportionate share of accumulated earnings ("return of capital dividends") are applied as a reduction of the cost of the investment. No investments were sold during 2001 and 2000 and all securities were treated as available for sale for 2001 and 2000. The net unrealised loss of A\$ 0 and A\$ 612 shown in the Statement of Stockholders Equity for 2001 and 2000 consist entirely of the change in holding loss for those periods.

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March 31, 2000

(3) SHORT TERM AND LONG TERM DEBT

The following is a summary of Bay Resources' borrowing arrangements as of March 31, 2001, June 30, 2000 and March 31, 2000.

|  | A\$000's<br>Mar 31<br>2001<br>----- | A\$000's<br>June 30<br>2000<br>----- |
|--|-------------------------------------|--------------------------------------|
| Long-Term<br>-----   |                                     |                                      |
| Loan from corporations affiliated with the President of Bay Resources. Interest accrues at the ANZ Banking Group Limited rate + 1% for overdrafts over \$100,000. Repayment of loan not required before June 30, 2001. (1) | 627<br>-----                        | 214<br>-----                         |
| Total Long-Term  | 627<br>-----                        | 214<br>-----                         |

(1) Repaid on October 7, 1999 through the issuance of 4,000,000 post split shares. Balance at the date of the stock issuance was approximately \$4,076,000. An amount of \$7,000 was repaid on January 20, 2000 partly through the issuance of 8,000,000 options to purchase shares of the Company. Both issuances were to a company affiliated with the President of Bay Resources.

(4) AFFILIATE TRANSACTIONS

Bay Resources advances to and receives advances from various affiliates. All advances between consolidated affiliates are eliminated on consolidation. At March 31, 2001, Bay Resources had no outstanding advances to or from unconsolidated affiliated companies. \$ 279,000, \$ 245,000 and \$ 295,000 of accounts payable for the dates shown on the balance sheet are due to an affiliated management company.

(5) GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of Bay Resources and Subsidiary as a going concern. However, Bay Resources has sustained recurring losses. In addition, Bay Resources has no net working capital, which raises substantial doubts as to its ability to continue as going concerns.

Bay Resources anticipates that it will be able to defer repayment of certain of its short term loan commitments until it has sufficient liquidity to enable these loans to be repaid or other arrangements to be put in place.

In addition Bay Resources has historically relied on loans and advances from corporations affiliated with the President of Bay Resources. Based on

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discussions with these affiliate companies and the President. Bay Resources believes this source of funding will continue to be available.

Other than the arrangements noted above, Bay Resources has not confirmed any other arrangements for ongoing funding. As a result Bay Resources may be required to raise funds by additional debt or equity offerings in order to meet its cash flow requirements during the forthcoming year.

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BAY RESOURCES LTD. AND SUBSIDIARY  
Notes to Consolidated Financial Statements  
March 31, 2001, June 30, 2000 and  
March 31, 2000

(6) SALE OF SOLMECS

Pursuant to a stock purchase agreement dated as of June 5, 1998, the Company acquired 499,701 shares in SCNV Acquisition Corp ("SCNV"), representing approximately 24% of the issued and outstanding share capital of SCNV, in return for the whole of the share capital of Solmeecs Corporation N.V., a Netherlands Antilles company which prior to the exchange was formerly a wholly owned subsidiary of the Company. The 499,701 shares has been valued at US\$2,800,000 or A\$4,516,000 and will be accounted for using the cost method because the Company does not exercise significant influences over SCNV's operating and financial activities (see note 4). The sale resulted in a gain of \$5,899,000 which is included in other income.

SCNV is a Delaware corporation established May 1997 to select, develop and commercially exploit proprietary technologies, in various stages of development, invented primary by scientists who immigrated to Israel from and by scientists and institutions in Russia and other countries that formerly comprised the Soviet Union. Simultaneously with the SCNV stock acquisition by the Company, SCNV completed an initial public offering of common stock and warrants which resulted in gross proceeds of approximately US\$5,900,000.

The Company has been granted certain demand and "piggyback" registration rights with respect to the SCNV shares. Notwithstanding the foregoing, the Company has agreed not to sell, grant options for sale or assign or transfer any of the SCNV shares, for a period of 24 months from the closing of the ("Lock-up") agreement, which expired in June 2000. Bay Resources has requested SCNV to take the necessary steps to register Bay Resources' shareholding in SCNV. The Company does not currently have any plans to distribute the SCNV shares to its stockholders.

(7) INCOME TAXES

Bay Resources files its income tax returns on an accrual basis. Bay Resources has carry forward losses of approximately US\$14 million as of June 30, 1999 which expire in the years 1999 through 2012. Due to the uncertainty as to realisation of these losses, a valuation allowance of US\$4.7 million has been

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recorded to off set the tax benefit of the carry forward losses.

### (8) NEW BUSINESS OPPORTUNITY

On May 23, 2000 the Company announced their intention to joint venture with Primus Telecom, an International Data, Internet and Telecommunications company, to develop a global electronic trading community ("Portal") to date, no financial commitments have been agreed to.

On September 27, 2000 the Company announced their intention to acquire a strategic investment in St Andrew Goldfields Ltd, ("St Andrew") subject to the completion of due diligence. The Company would have issued, if completed, 1 million shares to St Andrew who, in exchange, would have issued 16 millions shares to the Company and 16 million common share purchase warrants with an exercise period of 36 months. The Company would have held an approximate 36% interest in St. Andrew. The agreement also required St Andrew to refinance existing debt and raise further working capital, on a best endeavours basis. On January 30, 2001, by mutual agreement, the parties terminated the agreement between the Company and St Andrew.

### (9) CHANGES IN STOCKHOLDERS' EQUITY

During the year ended June 30, 2000 the Company completed the following transactions:

- (a) On June 29, 1999 the Company undertook a reverse stock split on a 1:20 basis and changed its par value from US\$0.15 to US\$0.0001 per share.
- (b) On October 7, 1999 the Company issued 4,000,000 post split shares, to a Company affiliated with the President of Bay Resources, in lieu of payment of \$4,076,000 in borrowings.
- (c) On January 20, 2000 the Company issued 8,000,000 options to purchase previously unissued stock to a company affiliated with the President of Bay Resources. Total consideration totalled \$120,000 and included both cash and partial debt repayment.

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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### NEW BUSINESS OPPORTUNITY

The Company is investigating internet opportunities in the area of medical research and mining and exploration.

### FUND COSTS CONVERSION

The consolidated statements of income and other financial and operating data contained elsewhere here in and the consolidated balance sheets and financial results have been reflected in Australian dollars unless otherwise stated.

The following table shows the average rate of exchange of the Australian dollar as compared to the US dollar during the periods indicated:

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9 months ended March 31, 2000 A\$1.00 = U.S. \$.6071

9 months ended March 31, 2001 A\$1.00 = U.S. \$.4856

### RESULTS OF OPERATION

NINE MONTHS ENDED MARCH 31, 2001 VS. NINE MONTHS ENDED MARCH 31 2000.

Costs and expenses increased from A\$ 245,000 in the nine months ended March 31, 2000 to A\$ 438,000 in the nine months ended March 31, 2001. The increase is a net result of:

- a) a decrease in interest expense from A\$ 73,000 for the nine months ended March 31, 2000 to A\$ 51,000 for the nine months ended March 31, 2001 as a result of the reduction in long term debt of the Company through the issuance of shares in lieu of payment.
- b) a decrease in legal accounting and professional expense from A\$ 51,000 for the nine months ended March 31, 2000 to A\$ 20,000 for the nine months ended March 31, 2001. In fiscal 2000, the cost related to work being undertaken on the ecommerce project by the Company. This project ceased in fiscal 2000 and there is no similar cost in fiscal 2001.
- c) the increase in administrative costs including salaries from A\$ 121,000 in the nine months ended March 31, 2000 to A\$ 367,000 in the nine months ended March 31, 2001, as a result of work undertaken on the change of the Company's activities and due diligence on the proposed acquisition of an interest in St Andrew Goldfields Ltd.

As a result of the foregoing, the loss from operations increased from A\$ 245,000 for the nine months ended March 31, 2000 to A\$ 438,000 for the nine months ended March 31, 2001.

The net loss was A\$ 438,000 for the nine months ended March 31, 2001 compared to a net loss of A\$ 245,000 for the nine months ended March 31, 2000.

### LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2001 the Company had short-term obligations of A\$ 314,000 comprising accounts payable and accrued expenses and long term obligations of A\$ 627,000.

The Company anticipates that it will be able to defer repayment of certain of its short term loan commitments until it has sufficient liquidity to enable these loans to be repaid which there can be no assurance. In addition the Company has historically relied upon loans and advances from affiliates to meet a significant portion of the Company's cash flow requirements which the Company believes based on discussions with such affiliates will continue to be available during fiscal 1999 and 2000.

On October 7, 1999 Bay Resources authorised the issuance effective December 31, 1999 of 4,000,000 shares of its previously unissued stock to a company of which the President of Bay Resources is a director and shareholder, in lieu of repayment of the debt described in note (3). Balance due at the stock issuance was approximately A\$4,076,000.

On January 20, 2000 the Board of Directors authorised the issuance of 8,000,000 options to purchase previously unissued shares, to a company of which the President of Bay Resources is a director and shareholder, partly in lieu of repayment of the debt in note (3). Balance at the date of issuance of options was \$7,000. Options are exercisable after two years for a period of three years

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at US\$1.00 per share.

Other than the arrangements above the Company has not confirmed any further arrangements for ongoing funding. As a result the Company may be required to raise funds from additional debt or equity offerings and/or increase the revenues from operations in order to meet its cash flow requirements during the forthcoming year.

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### CAUTIONARY SAFE HARBOR STATEMENT UNDER THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

Certain information contained in this Form 10-Q is forward looking information within the meaning of the Private Securities Litigation Act of 1995 (the "Act") which became law in December 1995. In order to obtain the benefits of the "safe harbor" provisions of the act for any such forwarding looking statements, the Company wishes to caution investors and prospective investors about significant factors which among others have affected the Company's actual results and are in the future likely to affect the Company's actual results and cause them to differ materially from those expressed in any such forward looking statements. This Form 10-Q report contains forward looking statements relating to future financial results. Actual results may differ as a result of factors over which the Company has no control including the strength of the domestic and foreign economies, slower than anticipated completion of research and development projects and movements in the foreign exchange rate. Additional information which could affect the Company's financial results is included in the Company's Form 10-K on file with the Securities and Exchange Commission.

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### PART II

Item 1. LEGAL

Not Applicable

Item 5. OTHER INFORMATION

(a) Mr. Ian Currie resigned as a Director of the Company on 9 March 2001.

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- (b) Mr. David Prentice was appointed a Director of the Company on 21 March 2001.

Mr. Prentice has over 13 years experience in the mining industry in both land management and business development. He has extensive experience in managing the commercial aspects of publicly listed exploration and mining companies, including business and project analysis support (playing an active role in the growth of companies by assisting with the identification and analysis of potential acquisition opportunities), negotiating and managing land access and Joint Venture agreements and managing legislative compliance (including Native Title, Environmental and Mining legislation across Australia).

- (c) Mr. Dov Farkas was appointed a Director of the Company on 21 March 2001.

Mr. Farkas has been responsible since January 2000, for the investor relations activities of six public listed companies in the resources and biotechnology fields, namely Astro Mining N.L, Autogen Limited, Bay Resources Ltd, Gutnick Resources N.L, Johnson's Well Mining N.L and Quantum Resources Limited.

Prior to that time, Dov was employed by the Swiss commodities trading group Glencore International AG, in the global coal trading division based in Sydney. During this four-year period at Glencore, the coal trading division grew to become the world's largest coal trading company.

### Item 6. EXHIBITS AND REPORTS ON FORM 8-K

#### (a) Reports

The Company did not file any Report on Form 8-K during the three months ended March 31, 2001.

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(FORM 10-Q)

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned therein duly authorized.

BAY RESOURCES LTD.

By: /s/ Joseph I. Gutnick

-----  
Joseph I. Gutnick  
Chairman of the Board, President and  
Chief Executive Officer

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(Principal Executive Officer)

Dated: May 15, 2001

By: /s/ Peter Lee

-----  
Peter Lee  
Peter Lee, Director, Secretary and  
Chief Financial Officer  
(Principal Financial Officer)

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