

SBT Bancorp, Inc.
Form SC 13G/A
February 13, 2018

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No.2) *

(Name of Issuer) **SBT Bancorp Inc**

(Title of Class of Securities) **Common Stock**

(CUSIP Number) **78391C106**

(Date of Event Which Requires Filing of this Statement) **December 31, 2017**

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

<input checked="" type="checkbox"/>	Rule 13d-1(b)
<input type="checkbox"/>	Rule 13d-1(c)
<input type="checkbox"/>	Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 78391C106

NAME OF REPORTING PERSON

1 Manulife Financial Corporation

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
N/A (b)

3 SEC USE ONLY

CITIZENSHIP OR PLACE OF ORGANIZATION

4 Canada

5 SOLE VOTING POWER

-0-

6 SHARED VOTING POWER

-0-

7 SOLE DISPOSITIVE POWER

-0-

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person
With

8 SHARED DISPOSITIVE POWER

-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

None, except through its indirect, wholly-owned subsidiaries, Manulife Asset Management (US) LLC

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

N/A

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

See line 9 above.

12 TYPE OF REPORTING PERSON*

HC

***SEE INSTRUCTIONS**

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CUSIP No. 78391C106

NAME OF REPORTING PERSON

1 Manulife Asset Management (US) LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
 N/A (b)

3 SEC USE ONLY

CITIZENSHIP OR PLACE OF ORGANIZATION

4 Delaware

5 SOLE VOTING POWER

101,920

6 SHARED VOTING POWER

-0-

7 SOLE DISPOSITIVE POWER

101,920

Number of
 Shares
 Beneficially
 Owned by
 Each
 Reporting
 Person
 With

8 SHARED DISPOSITIVE POWER

-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

101,920

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

N/A

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

7.42%

12 TYPE OF REPORTING PERSON*

IA

***SEE INSTRUCTIONS**

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- Item 1(a) Name of Issuer:
SBT Bancorp Inc
- Item 1(b) Address of Issuer's Principal Executive Offices:
86 Hopmeadow Street
Waetogue, Connecticut, 06089
- Item 2(a) Name of Person Filing:
This filing is made on behalf of Manulife Financial Corporation ("MFC") and MFC's indirect, wholly-owned subsidiaries, Manulife Asset Management (US) LLC ("MAM (US)").
- Item 2(b) Address of Principal Business Office:
The principal business office of MFC is located at 200 Bloor Street East, Toronto, Ontario, Canada, M4W 1E5.
The principal business office of MAM (US) is located at 197 Clarendon Street, Boston, Massachusetts 02116.
- Item 2(c) Citizenship:
MFC is organized and exist under the laws of Canada.
MAM (US) is organized and exists under the laws of the State of Delaware.
- Item 2(d) Title of Class of Securities:
Common Stock
- Item 2(e) CUSIP Number:
78391C106
- Item 3 If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:
- MFC: (g) (X) a parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G).
- MAM (US): (e) (X) an investment adviser in accordance with §240.13d-1(b)(1)(ii)(E).
- Item 4 Ownership:
- (a) Amount Beneficially Owned: MAM (US) has beneficial ownership of 101,920 shares of Common Stock. Through its parent-subsiary relationship to MAM (US), MFC may be deemed to have beneficial ownership of these same shares.
- (b) Percent of Class: Of the 1,373,118 shares outstanding as of October 26, 2017 as reported by the issuer on November 14, 2017 MAM (US) held 7.42%.
- (c) Number of shares as to which the person has:
- (i) sole power to vote or to direct the vote:
MAM (US) has sole power to vote or to direct the voting of the shares of Common Stock beneficially owned by them.
- (ii) shared power to vote or to direct the vote: -0-
- (iii) sole power to dispose or to direct the disposition of:
MAM (US) has sole power to dispose or to direct the disposition of the shares of Common Stock beneficially owned by them.
- (iv) shared power to dispose or to direct the disposition of: -0-

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Item 5 Ownership of Five Percent or Less of a Class:
Not applicable.

Item 6 Ownership of More than Five Percent on Behalf of Another Person:
Not applicable.

Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company or Control Person:
See Items 3 and 4 above.

Item 8 Identification and Classification of Members of the Group:
Not applicable.

Item 9 Notice of Dissolution of Group:
Not applicable.

Item 10 Certification:
By signing below the undersigned certifies that, to the best of its knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Manulife Financial Corporation

By: /s/ Tiffany Palmer
Name: Tiffany Palmer
Title: Agent*

Dated: February 7, 2018

Manulife Asset Management (US) LLC

By: /s/ Paul Donahue
Name: Paul Donahue
Title: Chief Compliance Officer

Dated: February 1, 2018

* Signed pursuant to a Power of Attorney dated January 17, 2018 included as Exhibit A to Schedule 13F-NT filed with the Securities and Exchange Commission by Manulife Financial Corporation on January 29, 2018.

EXHIBIT A

JOINT FILING AGREEMENT

Manulife Financial Corporation and Manulife Asset Management (US) LLC agree that the Schedule 13G (Amendment No.2) to which this Agreement is attached, relating to the Common Stock of SBT Bancorp Inc, is filed on behalf of each of them.

Manulife Financial Corporation

By: /s/ Tiffany Palmer
Name: Tiffany Palmer
Title: Agent*

Dated: February 7, 2018

Manulife Asset Management (US) LLC

By: /s/ Paul Donahue
Name: Paul Donahue
Title: Chief Compliance Officer

Dated: February 1, 2018

* Signed pursuant to a Power of Attorney dated January 17, 2018 included as Exhibit A to Schedule 13F-NT filed with the Securities and Exchange Commission by Manulife Financial Corporation on January 29, 2018.

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Profit (loss) before income taxes
(488) (393) (4,923) (342) (681) (454)
Provision for income taxes

Net profit (loss) from
Continuing Operations
(488) (393) (4,923) (342) (681) (454)

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Net loss from

Discontinued Operations

Net profit (loss)

(488) (393) (4,923) (342) (681) (454)

	<u>A\$</u>	<u>A\$</u>	<u>A\$</u>	<u>A\$</u>	<u>A\$</u>	<u>US\$</u>
Net profit (loss) per share						
On continuing operations	(0.21)	(0.07)	(.78)	(.05)	(.11)	(.07)
On discontinued operations						
	<u>(0.21)</u>	<u>(0.07)</u>	<u>(.78)</u>	<u>(.05)</u>	<u>(.11)</u>	<u>(.07)</u>

	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Weighted average number of shares outstanding	2,347	5,680	6,345	6,345	6,345	6,345

	<u>A\$</u>	<u>A\$</u>	<u>A\$</u>	<u>A\$</u>	<u>A\$</u>	<u>US\$</u>
Total assets	663	51	1	23	4	3

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Total liabilities	<u>4,302</u>	<u>499</u>	<u>905</u>	<u>1,269</u>	<u>1,931</u>	<u>1,287</u>
Stockholders equity (deficiency)	<u>(3,639)</u>	<u>(448)</u>	<u>(904)</u>	<u>(1,246)</u>	<u>(1,927)</u>	<u>(1,284)</u>

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The majority of the Company's administrative operations are in Australia and, as a result, its accounts are maintained in Australian dollars. The income and expenses of its foreign operations are translated into Australian dollars at the average exchange rate prevailing during the period. Assets and liabilities of the foreign operations are translated into Australian dollars at the period-end exchange rate. The following table shows the period-end rates of exchange of the Australian dollar compared with the US dollar during the periods indicated.

Year ended June 30	
1999	A\$1.00 = US\$0.661
2000	A\$1.00 = US\$0.602
2001	A\$1.00 = US\$0.508
2002	A\$1.00 = US\$0.557
2003	A\$1.00 = US\$0.667

Results of Operations**Year ended June 30, 2003 versus Year ended June 30, 2002**

Total costs and expenses have increased from A\$342,000 for the year ended June 30, 2002 to A\$681,000 (US\$454,000) for the year ended June 30, 2003. The increase was a net result of:

- i) An increase in exploration expenditure written off from A\$13,000 in fiscal 2002 to A\$198,000 (US\$132,000) in fiscal 2003. The Company commenced a new business activity in late fiscal 2002 being mineral exploration and has adopted an accounting policy whereby prospecting and exploration costs are written off against earnings as incurred. During the year, the Company entered into an arrangement in Tibet in China (see Item 1 Business - General and History of the Company). This arrangement was subsequently cancelled however the Company incurred exploration expenditure totalling A\$109,000 (US\$73,000) in the form of salaries, consulting fees, travel and accommodation and legal expenses. There was no comparable transaction in the prior year. In addition, exploration in Canada continued during the year with the staking of claims in the Committee Bay Greenstone Belt (see Item 1 Business - Canadian Exploration Properties). Exploration expenditure in Canada amounted to A\$88,000 (US\$54,000) in the form of staking costs, consulting fees and miscellaneous costs.
- ii) An increase in interest expense from A\$90,000 in fiscal 2002 to A\$133,000 (US\$89,000) in fiscal 2003 as a result of the increase in debt owing to Chevas Pty Ltd (Chevas) and AXIS Consultants. During the year, the interest rate of 8.60% was charged on outstanding amounts by Chevas did not change. Chevas is a company associated with Mr. J.I. Gutnick, President of Bay Resources Ltd, which has provided funding for the Company's operations during the year. AXIS Consultants provides management and geological services to the Company pursuant to a Service Deed dated 25 November

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1988. AXIS Consultants charged interest at a rate between 9.60% and 10.10% for fiscal 2003 compared to and for fiscal 2002.

- iii) An increase in legal, accounting and professional costs from A\$21,000 in fiscal 2002 to A\$75,000 (US\$50,025) in fiscal 2003. During fiscal 2003, the Company incurred legal expenses in respect to the proposed exploration in Tibet China (see item 1 Business General) amounting to A\$12,448 (US\$8,303) for which there was no comparable transaction in fiscal 2002. The Company also incurred legal fees in fiscal 2003 of A\$6,875 (US\$4,607) for advice in respect to a potential listing on Toronto venture exchange and sundry corporate matters for which there was no comparable transactions in fiscal 2002. The Company has also changed independent accountants during the year (see Item 9 Changes in and Disagreements with Accountants and Accounting and Financial Disclosure) and as a result, has incurred additional costs of A\$20,000 (US\$13,333) for which there was no comparable amount in fiscal 2002.
- iv) An increase in administrative costs from A\$218,000 to A\$278,000 (US\$184,000). During fiscal 2003, the management fee charges by AXIS Consultants to the Company reduced from A\$150,000 to A\$120,000 (US\$80,040), a reduction of A\$30,000 (US\$20,000) which was as a result of AXIS Consultants charging the Company separately for direct costs incurred on its behalf. In fiscal 2003, AXIS Consultants charged the Company A\$94,000 (US\$62,690) for Director's fees and salaries incurred on behalf of the Company compared to A\$17,000 in fiscal 2002. The increase relates to fees paid to a second independent Director who joined the board during the year, and the cost of the President and Chief Executive officer, Director secretary and Chief Financial officer and other staff of AXIS Consultants who provided services to the Company.

Accordingly, the loss from operations increased from A\$342,000 for the year ended June 30, 2002 to A\$684,000 (US\$456,000) for the year ended June 30, 2003.

The net loss amounted to A\$681,000 (US\$454,000) for the year ended June 30, 2003 compared to a net loss of A\$342,000 for the year ended June 30, 2002. The net loss per common equivalent share in 2003 was A\$0.11 cents (US\$0.07) compared with a net loss with a common equivalent share of A\$0.05 cents in the prior year.

Year ended June 30, 2002 versus Year ended June 30, 2001

Total costs and expenses have decreased from A\$407,000 for the year ended June 30, 2001 to A\$342,000 for the year ended June 30, 2002. The decrease was a net result of:

- i) An increase in exploration expenditure written off from A\$nil to A\$13,000. The Company has commenced a new business activity in fiscal 2002 being exploration and has adopted an accounting policy whereby prospecting and exploration costs are written off against earnings as incurred. There was no comparable activity in the prior year.
- ii) An increase in interest expense from A\$69,000 to A\$90,000 as a result of the increase in debt owing to Chevas Pty Ltd (Chevas), which was partially offset by a reduction in interest rates. Chevas is a company

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associated with Mr. J.I. Gutnick, President of Bay Resources Ltd, which has provided funding for the Company's operations during the year.

- iii) A decrease in legal, accounting and professional costs from A\$43,000 to \$21,000. In fiscal 2001 the Company utilised legal services as part of the due diligence exercise undertaken on a potential investment in St Andrew Goldfields Ltd. There was no comparable cost in fiscal 2002.
- iv) A decrease in administrative costs from A\$295,000 to A\$218,000. In fiscal 2001 the Company incurred costs including consultants fees and travel and accommodation costs as part of the due diligence exercise undertaken on a potential investment in St Andrew Goldfields Ltd. There was no comparable cost in fiscal 2002.

Accordingly, the loss from operations decreased from A\$407,000 for the year ended June 30, 2001 to A\$342,000 for the year ended June 30, 2002.

In fiscal 2001, the Company recorded a permanent decline in its investment in SCNV Acquisition Corp amounting to A\$4,516,000 when it decide to write off the value of that investment as it did not believe that there was any chance of recovering that investment. There was no comparable transaction in fiscal 2002.

The net loss amounted to A\$342,000 for the year ended June 30, 2002 compared to a net loss of A\$4,923,000 for the year ended June 30, 2001. The net loss per common equivalent share was A\$0.05 cents compared with a net loss with a common equivalent share of A\$0.78 cents in the prior year.

Liquidity and Capital Resources

As of June 30, 2003 the Company had short-term obligations of A\$158,000 (US\$105,000) consisting mainly of accounts payable and accrued expenses.

The Company also had long-term obligations of A\$1,240,000 (US\$826,000) at June 30, 2003 which were amounts owed to Chevas Pty Ltd of which Mr. J.I. Gutnick, President of the Company, is a Director; A\$47,000 (US\$31,000) which were owed to Mr. J.I. Gutnick, President of the Company; and A\$486,000 (US\$342,000) which were owed to AXIS Consultants. Each of Chevas, AXIS Consultants and Mr Gutnick have advised the Company in writing that it is not their intention to call the amounts owed prior to September 30, 2004.

The Company anticipates that it will be able to defer repayment of certain of its short-term loan commitments until it has sufficient liquidities to enable these loans to be repaid or other arrangements can be put in place for repayment of these debts. Other than the arrangements noted above, the Company has not confirmed any other arrangements for ongoing funding. As a result, the Company may be required to raise funds by additional debt or equity offerings and or increased revenues for operations in order to meet its cash flow requirements during the forthcoming year of which there can be no assurance.

The Company's ability to continue operations through fiscal 2004 is dependent upon future funding from affiliated entities, capital raisings, or its ability to commence revenue producing operations and positive cash flows.

The Report of the Company's independent public accountants with respect to the Company's financial statements for the fiscal year ended June 30, 2003 contains an

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explanatory paragraph with respect to the Company's ability to continue as a going concern.

Cautionary Safe Harbour Statement under the United States Private Securities Litigation Reform Act of 1995.

Certain information contained in this Form 10-K are forward-looking statements 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 forward-looking statements, the Company wishes to caution investors and prospective investors about significant factors which, among others, have in some cases 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-K 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, without limitation, the risks of exploration and development stage projects, political risks of development in foreign countries, risks associated with environmental and other regulatory matters, mining risks and competitors, the volatility of gold prices and movements in foreign exchange rates.

Impact of Australian Tax Law

Australian resident corporations are subject to Australian income tax on their non-exempt worldwide assessable income (which includes capital gains), less allowable deductions, at the rate of 30%. Foreign tax credits are allowed where tax has been paid on foreign source income, provided the tax credit does not exceed 30% of the foreign source income.

Under the U.S./Australia tax treaty, a U.S. resident corporation such as the Company is subject to Australian income tax on net profits attributable to the carrying on of a business in Australia through a permanent establishment in Australia. A permanent establishment is a fixed place of business through which the business of an enterprise is carried on. The treaty limits the Australian tax on interest and royalties paid by an Australian business to a U.S. resident to 10% of the gross interest or royalty income unless it relates to a permanent establishment. Although the Company considers that it does not have a permanent establishment in Australia, it may be deemed to have such an establishment due to the location of its administrative offices in Melbourne. In addition the Company may receive interest or dividends from time to time.

Impact of Australian Governmental, Economic, Monetary or Fiscal Policies

Although Australian taxpayers are subject to substantial regulation, the Company believes that its operations are not materially impacted by such regulations nor is it subject to any broader regulations or governmental policies than most Australian taxpayers.

Impact of Recent Accounting Pronouncements

For a discussion of the impact of recent accounting pronouncements on the Company's financial statements, see Note 2 to the Company's Consolidated Financial Statements which are attached hereto.

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Item 7A Quantitative and Qualitative Disclosures about Market Risk

Bay Resources is exposed to interest rate risk primarily through its loan facilities. The Company utilizes these borrowings to meet its working capital needs.

At June 30, 2003, the Company had outstanding borrowings of approximately \$1,726,000 under its Loan Facilities. In the event that interest rates associated with these facilities were to increase 100 basis points, the impact on future cash flows would be a decrease of approximately \$17,260 annually.

Item 8. See Item 14

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

a) Resignation of Previous Independent Accountant.

- i. By letter dated, July 30, 2003, David T. Thomson P.C. (DTT) informed Bay Resources Ltd., a Delaware corporation (the Company) that DTT intended to resign as the Company s independent accountants.
- ii. The report of DTT on the Company s consolidated financial statements as of and for the fiscal years ended June 30, 2001 and 2002 did not contain any adverse opinion or disclaimer of opinion, and was not qualified or modified as to audit scope or accounting principle; such report did include an explanatory paragraph discussing an uncertainty as to the Company s ability to continue as a going concern. DTT did not perform an audit of the Company s consolidated financial statements as of and for the fiscal year ended June 30, 2003.
- iii. In connection with its audits for the years referred to above and through July 30, 2003, there have not been any disagreements with DTT on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of DTT, would have caused DTT to make reference thereto in their report on the Company s financial statements for such years.
- iv. During fiscal 2001 and 2002 and through July 30, 2003, there have been no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K).

(b) Appointment of New Independent Accountant.

- i. On August 1, 2003, the Company engaged PKF, Certified Public Accountants, a Professional Corporation (PKF), as the Company s independent accountants commencing with the audit of the Company s financial statements for the fiscal year ended June 30, 2003.

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- ii. Prior to engaging PKF, the Company consulted with PKF as to its qualifications, experiences and ability to audit the Company's financial statements. The Company and PKF did not have substantive discussions regarding the application of accounting principles to a specified transaction, either complete or proposed, or the type of audit opinion that might be rendered on the Company's financial statements and there are no written reports nor oral advice provided by the new accountants used in deciding to retain PKF. Further, as noted there was no matter that was the subject of a disagreement as described in Item 304(a)(1)(iv) of Regulation S-K, promulgated by the SEC.
- (c) The change of accountants referenced herein was approved by the Company's independent Audit Committee on August 1, 2003 and Board of Directors on August 1, 2003. The Company's Audit Committee is made up wholly of independent Directors.

Item 9A Controls and Procedures

- (a) Evaluation of disclosure controls and procedures. The Company's principal executive officer and its principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, such principal executive officer and principal financial officer concluded that, the Company's disclosure controls and procedures as of the end of the period covered by this report have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company believes that a controls system, no matter how well designed and operated, can not provide absolute assurance that the objectives of the controls system, no matter how well designed and operated, can not provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

- (b) Change in Internal Control over Financial Reporting.

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

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The following table sets out certain information in relation to each person who held a position of Director and/or executive officer of the Company during the year ended June 30, 2003.

Name	Age	Position(s) Held
Joseph Gutnick	51	Chairman of the Board President, Chief Executive Officer and Director.
David Tyrwhitt	65	Director.
Peter Lee	46	Director, Secretary, Chief Financial Officer and Principal Accounting Officer.
David Prentice	40	Director
Paul Ehrlich	45	Director

Joseph Gutnick

Mr Gutnick has been the Chairman of the Board, President and Chief Executive Officer of the Company since March, 1988. Mr Gutnick has been a Director of numerous public listed companies in Australia specialising in the mining sector since 1980. Mr. Gutnick is Executive Chairman of Tahera Corporation, a company that is listed on Toronto Stock Exchange. He is a Fellow of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Management and a member of the Australian Institute of Company Directors.

David Tyrwhitt

Dr Tyrwhitt was appointed a Director of the Company in November 1996. He is a geologist, holding a Bachelor of Science and PhD degrees and has 40 years experience in mineral exploration and management development and operation of gold mines in Australia. Dr Tyrwhitt is a Director of several public listed companies in Australia in the mining industry.

Peter Lee

Mr Lee has been Chief Financial Officer and Principal Accounting Officer since August 1989 and was appointed a Director of the Company in February 1996. Mr Lee is a Member of the Institute of Chartered Accountants in Australia, a Fellow of Chartered Secretaries Australia Ltd., and holds a Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology. He has over 20 years commercial experience and is currently General Manager Corporate and Company Secretary of several listed public companies in Australia.

David Prentice

Mr. Prentice has over 15 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

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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).

Paul Ehrlich

Mr. Ehrlich is an attorney of 20 years experience in the fields of commercial law and commercial litigation. From 1989 to 2001 Mr. Ehrlich was a partner in a major national Australian law firm. He has expertise in a range of corporate areas including mergers and acquisition (with an emphasis on public company takeovers, litigation and trade sales), securities law, public raisings, IPO s, government privatisation, corporate reconstructions and the negotiation and drafting of complex contractual and commercial arrangements. Mr. Ehrlich specialises in areas of complex corporate litigation and has conducted such litigation on behalf of clients in the Supreme Courts of Victoria, New South Wales, South Australia, Western Australia and in the Federal Court of Australia and in the High Court of Australia. He also specialises in all areas of mining resource law and project finance.

Mr. Gutnick was formerly the Chairman of the Board, Dr. Tyrwhitt was formerly an independent Director and Mr. Lee was formerly Company Secretary of Centaur Mining & Exploration Ltd., an Australian corporation, which commenced an insolvency proceeding in Australia in March 2001.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, the Company s Directors, executive officers and beneficial owners of more than 10% of the outstanding Common Stock are required to file reports with the Securities and Exchange Commission concerning their ownership of and transactions in the Company s common Stock and are also required to provide the Company with copies of such reports. Based solely on such reports and related information furnished to the Company, the Company believes that in fiscal 2003 all such filing requirements were complied with in a timely manner by all Directors and executive officers.

Item 11. Executive Compensation

The following table sets forth the annual salary, bonuses and all other compensation awards and pay outs on account of the Company s Chief Executive Officer for services rendered to the Company during the fiscal year ended June 30, 2003, 2002 and 2001. No other executive officer received more than \$100,000 per annum during this period.

Summary Compensation Table

Name and Principal Position	Annual Compensation		Long Term Compensation Awards	
	Year	Salary/Director's Fees	Restricted Stock Awards	Securities Underlying Options
Joseph Gutnick, Chairman of the Board and CEO	2003	\$ 28,553 ⁽¹⁾⁽²⁾		
	2002	\$ 108,000 ⁽¹⁾⁽²⁾		
	2001	\$ 54,198 ⁽¹⁾⁽²⁾		

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1. The salaries listed were paid by the Company to AXIS Consultants Pty, Ltd., which provides the services of Mr. Gutnick, Mr Lee and Mr Prentice as well as certain other officers and employees to the Company.

2. Excludes options granted to Edensor of which Mr JI Gutnick is a Director and Shareholder (see Item 13 Certain Relationships and Related Party Transactions)

For additional information about the Service Agreement and the Consulting Agreement see *Item 1- Business- Employees* and *Item 13- Certain Relationships and Related Transactions* .

The Company has a policy that it will not enter into any transaction with an officer, Director or affiliate of the Company or any member of their families unless the transaction is approved by a majority of the disinterested non-employee Directors of the Company and the disinterested majority determines that the terms of the transaction are no less favourable to the Company than the terms available from non-affiliated third parties or are otherwise deemed to be fair to the Company at the time authorised.

Compensation Pursuant to Plans

The Company does not directly employ any employees nor does it have any pension or profit sharing plans and no contributions were made to any employee benefit or health plan during the year ended June 30, 2003.

Compensation to Directors

It is the policy of the Company to reimburse Directors for reasonable travel and lodging expenses incurred in attending Board of Directors meetings.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets out, to the best of the Company's knowledge, the numbers of shares in the Company beneficially owned as at June 30, 2003 by:

- (i) each of the present Executive Officers and Directors of the Company,
- (ii) each person (including any group as that term is defined in Section 13(d)(3) of the Securities Exchange Act) who beneficially owns more than 5% of the Common Stock, and
- (iii) all present Directors and officers of the Company as a group.

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Name	Number of Shares Owned	Percentage of Shares (1)
Edensor Nominees Pty Ltd	9,751,733	78.9
Joseph Gutnick	9,803,383(2)(3)	79.4
	(4)(5)(6)(7)	
Stera Gutnick	9,777,383(4)(5)(6)(7)	79.2
Delkern Investments Ltd	3,250,578(8)	38.9
David Tyrwhitt	(2)	
Peter Lee	(2)	
David Prentice	(2)	
Paul Ehrlich		
	_____	_____
All officers and Directors As a group	9,803,383	79.4
	_____	_____

Notes relating to Item 12:

- (1) Based on 6,347,089 shares outstanding
- (2) Does not include:
- (i) 8,949 shares of Common Stock beneficially owned Gutnick Resources NL (GKR), or
- (ii) 1,918 shares of Common Stock beneficially owned by Quantum Resources Limited (QUR),
- or
- (iii) 229,489 shares of Common Stock beneficially owned by AXIS,
- of which companies Messrs Gutnick, Lee, Prentice and Dr. Tyrwhitt are officers and/or Directors, as they disclaim beneficial ownership of those shares.
- (3) Does not include 2,500 shares of Common Stock beneficially owned by the Company.
- (4) Includes 3,751,733 shares of Common Stock owned by Edensor Nominees Pty Ltd and 26,000 shares of Common Stock owned by Pearlway Investments Proprietary Limited, of both of which Mr Joseph Gutnick, Stera M. Gutnick and members of their family are officers, Directors and principal stockholders.

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- (5) Includes 6,000,000 options owned by Edensor.
- (6) Joseph Gutnick is the beneficial owner of 25,650 shares of Common Stock.
- (7) Joseph Gutnick and Stera Gutnick are husband and wife.
- (8) Includes 2,000,000 options owned by Delkern.

Item 13. Certain Relationships and Related Transactions

The Company is one of five affiliated companies of which four are Australian public companies listed on Australian Stock Exchange. Each of the companies have some common Directors, officers and shareholders. In addition, each of the companies owns equity in and is substantially dependent upon AXIS Consultants for its senior management and certain mining and exploration staff. The Company owns 9.09% of the outstanding shares of AXIS Consultants. A number of arrangements and transactions have been entered into from time to time between such companies. It has been the intention of the affiliated companies and respective Boards of Directors that each of such arrangements or transactions should accommodate the respective interest of the relevant affiliated companies in a manner which is fair to all parties and equitable to the shareholders of each. Currently, there are no material arrangements or planned transactions between the Company and any of the other affiliated companies other than AXIS Consultants.

AXIS Consultants is paid by each company for the costs incurred by it in carrying out the administration function for each such company. Pursuant to the Service Agreement, AXIS Consultants performs such functions as payroll, maintaining employee records required by law and by usual accounting procedures, providing insurance, legal, human resources, company secretarial, land management, certain exploration and mining support, financial, accounting advice and services. AXIS Consultants procures items of equipment necessary in the conduct of the business of the Company. AXIS Consultants also provides for the Company various services, including but not limited to the making available of office supplies, office facilities and any other services as may be required from time to time by the Company as and when requested by the Company.

The Company is required to reimburse AXIS Consultants for any direct costs incurred by AXIS Consultants for the Company. In addition, the Company is required to pay a proportion of AXIS Consultant s overhead cost based on AXIS Consultant s management estimate of the Company s utilisation of the facilities and activities of AXIS Consultants plus a service fee of not more than 15% of the direct and overhead costs. AXIS Consultants has not charged the 15% service fee to the Company. Amounts invoiced by AXIS Consultants are required to be paid by the Company. The Company also is not permitted to obtain from sources other than AXIS Consultants, and is not permitted itself to perform or provide, the services contemplated by the Service Agreement, unless the Company first requests AXIS Consultants to provide the service and AXIS Consultants fails to provide the service within one month.

The Service Agreement may be terminated by the Company or AXIS Consultants upon 60 days prior notice. If the Service Agreement is terminated by AXIS Consultants, the Company would be required to independently provide, or to seek an alternative source of providing, the services currently provided by AXIS Consultants. There can be no assurance that the Company could independently provide or find a third party to provide these services on a cost-effective basis or that any transition

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from receiving services under the Service Agreement will not have a material adverse effect on the Company. The Company's inability to provide such services or to find a third party to provide such services would have a material adverse effect on the Company's operations.

In accordance with the Service Agreement AXIS provides the Company with the services of the Company's Chief Executive Officer, Chief Financial Officer and clerical employees, as well as office facilities, equipment, administrative and clerical services. As compensation therefore, the Company pays AXIS for the actual costs of such facilities plus a maximum service fee of 15%. The Company paid AXIS A\$201,688 in respect of the Service Agreement for the fiscal year ended June 30, 2003, A\$169,770 for the fiscal year ended June 30, 2002 and A\$267,000 for the fiscal year ended June 30, 2001. At June 30, 2001, 2002 and 2003, the Company owed AXIS Consultants A\$185,000, A\$389,000 and A\$485,801 respectively for services provided in accordance with the Service Agreement. During fiscal 2001, 2002 and 2003, AXIS Consultants charged interest of A\$19,724, A\$29,198 and A\$46,642 respectively on outstanding balances. AXIS Consultants charged interest at rates between 9.85% and 11.10% for fiscal 2001, 9.60% and 10.10% for fiscal 2002 and 9.60% and 10.10% for fiscal 2003.

Chevas Pty Ltd, a company associated with the President of the Company, Joseph Gutnick, has provided loan funds to enable the Company to meet its liabilities and has paid certain expenses on behalf of the Company. At June 30, 2001 the Company had a liability to Chevas of A\$641,572. During the 2002 fiscal year, Chevas loaned a further A\$82,000 and charged A\$60,171 in interest to the Company on the loan account. At June 30 2002, the Company owed Chevas A\$783,743. During the 2003 fiscal year, Chevas loaned a further A\$369,155 and charged A\$86,417 in interest to the Company on the loan account. At June 30, 2003, the Company owed Chevas A\$1,239,315.

Chevas charges interest to the Company on outstanding balances of the loan account at the ANZ Banking Group Limited reference rate for overdrafts over A\$100,000 plus 1%. In accordance with this formula, the actual interest rate charged during the 2003 fiscal year was 8.60%.

On January 20, 2000, the Company issued 8,000,000 options over fully paid shares in the capital of the Company at an issue price of US\$0.01 per option and an exercise price of US\$1.00 per option to Edensor. The options have a term of 5 years with a non-exercise period of 2 years subject to a further board approval for Edensor Nominees Pty Ltd, either directly or indirectly, to exercise options in the case of a further requirement of the Company to raise working capital. On March 22, 2001, the Directors agreed to extend the term of the options from 5 years to 10 years. Edensor advised the Company in June 2003 that it had sold 2,000,000 options to Delkern Investments Ltd.

As described in the section headed "Canadian Exploration Properties" the Company has entered into an agreement to explore for gold on properties owned by Tahera. Mr Gutnick, President of the Company, is Executive Chairman of Tahera and his family company, Edensor Nominees, which is the controlling stockholder of the Company, is a shareholder of Tahera. During fiscal 2002, Tahera incurred certain exploration and administration costs in Canada on behalf of the Company amounting to A\$36,365 and this amount was owing to Tahera at June 30 2002. During fiscal 2003, Tahera incurred further exploration and administration costs in Canada on behalf of the Company amounting to A\$65,314 (US\$43,564). During fiscal 2003, Mr. J.I. Gutnick and Chevas paid Tahera A\$47,368 (US\$31,594) and A\$53,350 (US\$35,584)

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respectively on behalf of the Company. During fiscal 2002 and 2003, Tahera did not charge the Company interest on amounts outstanding. At June 30, 2003, the Company owed Tahera A\$1,361 (US\$900) and Mr. J.I. Gutnick A\$47,368 (US\$31,594).

Quantum Resources Limited (QUR) incurred certain costs on behalf of the Company amounting to A\$43,941 (US\$29,308) in respect to the Company s activities in Tibet China (See Item 1 Business General) as a result of QUR s contacts in China. This amount remains outstanding at June 30, 2003.

Transactions with Management

The Company has a policy that it will not enter into any transaction with an officer, Director or affiliate of the Company or any member of their families unless the transaction is approved by a majority of the disinterested non-employee Directors of the Company and the disinterested majority determines that the terms of the transaction are no less favourable to the Company than the terms available from non-affiliated third parties or are otherwise deemed to be fair to the Company at the time authorised.

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PART IV

Item 14. Principal Accounting Fees and Services

Not Applicable

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Principal Accountant Fees and Services

(b) Consolidated Financial Statements and Notes thereto

(I) The Consolidated Financial Statements and Notes thereto listed on the Index at page 1 of this Annual Report on Form 10-K are filed as a part of this Annual Report.

(ii) The Financial Data schedule as required by Item 601(c) of Regulation S-K is filed as part of this Annual Report.

(c) Exhibits

The Exhibits to this Annual Report on Form 10-K are listed in the Exhibit Index at page 19 of this Annual Report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorised.

BAY RESOURCES LTD.

(Registrant)

By: /s/ Peter J Lee

Peter J Lee
Director, Secretary,
Chief Financial Officer
and Principal Financial
and Accounting Officer

Dated: September 25, 2003

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FORM 10-K Signature Page

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
1. <u>/s/ Joseph Gutnick</u> Joseph Gutnick	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer), and Director.	September 25, 2003
2. <u>/s/ David Tyrwhitt</u> David Tyrwhitt	Director.	September 25, 2003
3. <u>/s/ Peter Lee</u> Peter Lee	Director, Secretary, Chief Financial Officer and Principal Financial and Accounting Officer.	September 25, 2003
4. <u>/s/ David Prentice</u> David Prentice	Director	September 25, 2003
<u>/s/ Paul Ehrlich</u> Paul Ehrlich	Director	September 25, 2003

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EXHIBIT INDEX

Incorporated by Reference to:	Exhibit No	Exhibit
(1) Exhibit 3.1	3.1	Certificate of Incorporation of the Registrant.
(1) Exhibit 3.2	3.2	By-laws of the Registrant.
(2) Exhibit B	3.3	Amendment to Certificate of Incorporation
(5) Exhibit A	3.4	Amendment to Certificate of Incorporation
	3.5	Amendment to Certificate of Incorporation dated October 17, 2000.
(6) Exhibit	3.4	
(3) Exhibit 10.5	10.4	Service Agreement dated November 25, 1988, by and between the Registrant and AWI Administration Services Pty Limited.
(4) Exhibit 10.5	10.5	Form of Stock Purchase Agreement among Baynet, Solmecs and SCNV.
Exhibit 10.6	10.6	Agreement with Tahera Corporation
Exhibit	21 *	List of Subsidiaries as at June 30, 2003.
Exhibit 31.1*		Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Peter James Lee.
Exhibit 31.2*		Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Joseph Isaac Gutnick.
Exhibit 32.1*		Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Joseph Issac Gutnick.
Exhibit 32.2*		Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Peter James Lee
*Filed herewith		

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Financial Statements for the years ended June 30, 2002 and 2003.

Bay Resources, Ltd
Audited Consolidated Financial Statements for
the Company and its Subsidiaries for the year
ended June 30, 2002 and Audited Consolidated
Financial Statements for the Company for the
year ended June 30, 2003.

- (1) [Registrant's Registration Statement on
Form S-1 (File No. 33-14784)].
- (2) [Registrant's Definitive Information Statement
dated June 5, 1998].
- (3) [Registrant's Annual Report on Form 10-K for
the fiscal year ended June 27, 1989.]
- (4) [Registrant's Form 8-K filed on July 21, 1998]
- (5) [Registrant's Definitive Information Statement
dated August 11, 1999]
- (6) [Registrant's Annual Report on Form 10-K for
the fiscal year ended June 30, 2000]
- (7) [Registrant's Annual Report on Form 10-K for
the fiscal year ended June 30, 2001]

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BAY RESOURCES LTD AND SUBSIDIARIES

Consolidated Financial Statements

June 30, 2003 and 2002

(with Independent Auditor's Reports)

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Consolidated Statements of Stockholders' Equity (Deficit)	5
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Independent Auditors Report

To the Board of Directors and Stockholders of
Bay Resources Ltd.

We have audited the accompanying consolidated balance sheet of Bay Resources Ltd. and Subsidiaries as of June 30, 2003, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year ended June 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bay Resources, Ltd. and Subsidiaries at June 30, 2003, and the results of its operations and its cash flows for the year ended June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As described in note 7, at June 30, 2003 the Company had not yet commenced revenue producing operations and had a working capital deficit of A\$154,000 (US\$102,000) and a retained deficit of A\$27,083,000 (US\$18,064,000). These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management's plans in regard to these matters are also discussed in note 7.

New York, NY
September 19, 2003

/s/ PKF
Certified Public Accountants
A Professional Corporation

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David T. Thomson P.C.

Certified Public Accountant

INDEPENDENT AUDITOR S REPORT

To the Board of Directors and Stockholders of Bay Resources Ltd

I have audited the accompanying consolidated balance sheets of Bay Resources Ltd (formerly Baynet Ltd and Bayou International, Ltd) (a Delaware corporation) and Subsidiaries at June 30, 2002 and the related consolidated statements of operations, stockholders equity (deficit) and cash flows for each of the years in the two year period ended June 30, 2002. These consolidated financial statements are the responsibility of the Company s management. My responsibility is to express an opinion on these consolidated financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bay Resources, Ltd. and Subsidiaries at June 30, 2002 and the results of its operations and its cash flows for each of two years in the period ended June 30, 2002, in conformity with generally accepted accounting principles in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company and its subsidiaries will continue as going concerns. The Company and its subsidiaries have suffered recurring losses from operations, have no net working capital and have stockholders deficits. These factors raise substantial doubt as to the consolidated entity s ability to continue as a going concern. Management s plans in regard to these matters are discussed in Note (7). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Salt Lake City, Utah
September 24, 2002

David T. Thomson, P.C.

P.O. Box 571605, Murry, Utah 84157 (801) 966 9481

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BAY RESOURCES LTD AND SUBSIDIARIES
Consolidated Balance Sheets
June 30, 2002 and 2003

	Australian Dollars		Convenience
	A\$000 s 2002	A\$000 s 2003	Translation US\$000 s 2003
ASSETS			
Current Assets:			
Cash	\$	\$ 1	\$ 1
Receivables		3	2
Staking Deposit	23		
Total Current Assets	23	4	3
Total Assets	\$ 23	\$ 4	\$ 3
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)			
Current Liabilities Accounts Payable and Accrued Expenses	\$ 449	\$ 157	\$ 104
Short-Term Advance Affiliate	36	1	1
Total Current Liabilities	485	158	105
Long-Term Debt Affiliates	784	1,773	1,182
Total Liabilities	1,269	1,931	1,287
Stockholders Equity (Deficit):			
Common stock: \$.0001 par value 25,000,000 shares authorised, 6,347,089 shares issued	1	1	1
Less Treasury Stock, at Cost, 2,500 shares	(20)	(20)	(13)
Additional Paid-in-Capital	25,175	25,175	16,792
Retained Deficit	(26,402)	(27,083)	(18,064)
Total Stockholders Equity (Deficit)	(1,246)	(1,927)	(1,284)
Total Liabilities and Stockholders Equity (Deficit)	\$ 23	\$ 4	\$ 3

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

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BAY RESOURCES LTD AND SUBSIDIARIES
Consolidated Statements of Operations
For the years ended June 30, 2001, 2002 and 2003

	A\$000 s 2001	A\$000 s 2002	A\$000 s 2003	Convenience Translation US\$000 s 2003
	\$	\$	\$	\$
Revenues	\$	\$	\$	\$
Cost and expenses				
Exploration Expenditure		13	198	132
Interest Expense related entity (note 5)	69	90	133	89
Legal, Accounting and Professional	43	21	75	51
Administrative (note 6)	295	218	278	184
	<u>407</u>	<u>342</u>	<u>684</u>	<u>456</u>
(Loss) from Operations	<u>(407)</u>	<u>(342)</u>	<u>(684)</u>	<u>(456)</u>
Foreign Currency Exchange Gain (Loss)			3	2
Permanent decline of Investment	(4,516)			
	<u>(4,516)</u>		<u>3</u>	<u>2</u>
(Loss) before Income Tax	<u>(4,923)</u>	<u>(342)</u>	<u>(681)</u>	<u>(454)</u>
Provision for Income Tax				
Net (Loss)	<u>\$ (4,923)</u>	<u>\$ (342)</u>	<u>\$ (681)</u>	<u>\$ (454)</u>
Basic Net (Loss) per Common Equivalent Shares	<u>\$ (.78)</u>	<u>\$ (.05)</u>	<u>\$ (.11)</u>	<u>\$ (.07)</u>
Weighted Number of Common Equivalent Shares Outstanding (000 s)	<u>6,345</u>	<u>6,345</u>	<u>6,345</u>	<u>6,345</u>

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

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BAY RESOURCES LTD AND SUBSIDIARIES
 Consolidated Statements of Stockholders Equity (Deficit)
 June 30, 2001, 2002 and 2003

	Shares	Common Stock Amount	Treasury Stock, at Cost	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total
	000's	A\$000's	A\$000's	A\$000's	A\$000's	A\$000's	A\$000's
Balance June 30, 2000	6,347	\$ 1	\$(20)	\$25,175	\$(19,148)	\$(6,456)	(448)
Comprehensive Income							
Net unrealised loss on marketable securities						(49)	(49)
Net loss					(4,923)	4,516	(407)
Total Comprehensive Income							(456)
Balance June 30, 2001	6,347	\$ 1	\$(20)	\$25,175	\$(24,071)	\$(1,989)	\$ (904)
Reclassification of Permanent Decline in Investment Securities					(1,989)	1,989	
Net loss					(342)		(342)
Balance June 30, 2002	6,347	\$ 1	\$(20)	\$25,175	\$(26,402)	\$	\$(1,246)
Net loss					(681)		(681)
Balance June 30, 2003	6,347	\$ 1	\$(20)	\$25,175	\$(27,083)	\$	\$(1,927)

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

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BAY RESOURCES LTD AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2001, 2002 and 2003

	A\$000's 2001	A\$000's 2002	A\$000's 2003	Convenience Translation US\$000's 2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (Loss)	\$(4,923)	\$(342)	\$(681)	\$(454)
Adjustments to reconcile net (loss) to net cash (used) in operating activities				
Permanent Decline of Investment	4,516			
Accrued interest added to principal			133	88
Net Change In :				
Staking Deposit		(23)	23	15
Receivables			(3)	(2)
Accounts Payable and Accrued Expenses	(21)	185	(97)	(65)
Short-Term Advance Affiliates		36	(35)	(22)
	—————	—————	—————	—————
Net Cash (used in) Operating Activities	(428)	(144)	(466)	(310)
	—————	—————	—————	—————
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES				
Net Borrowing From Affiliates	427	143	467	311
	—————	—————	—————	—————
Net Cash Provided by Financing Activities	427	143	467	311
	—————	—————	—————	—————
Net Increase (Decrease) in Cash	(1)	(1)	1	1
Cash at Beginning of Year	2	1		
	—————	—————	—————	—————
Cash at End of Year	\$ 1	\$	1	1
	—————	—————	—————	—————
Supplemental Disclosures				
Interest Paid	\$ 69	\$ 90	\$ 133	\$ 89

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

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BAY RESOURCES LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2003 and 2002

(1) ORGANIZATION

Bay Resources, Ltd. (Bay Resources or the Company) is incorporated in the State of Delaware. The principal shareholder of Bay Resources is Edensor Nominees Proprietary Limited (Edensor), an Australian corporation. Edensor owned 78.9% of Bay Resources as of June 30, 2003. During fiscal 1998, Bay Resources incorporated a subsidiary, Baynex.com Pty Ltd (formerly Bayou Australia Pty Ltd), under the laws of Australia. Baynex.com has not traded since incorporation. On August 21, 2000 the Company incorporated a new wholly owned subsidiary, Bay International Pty Ltd, (now known as Bay Resources (Asia) Pty Ltd), a corporation incorporated under the laws of Australia. In June 2002, the Company incorporated a new wholly owned subsidiary, 4075251 Canada Inc, a corporation incorporated under the laws of Canada. 4075251 Canada Inc is the vehicle that will be used by the Company to undertake exploration activities for gold in Canada.

(1) RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has recently issued Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*, SFAS No. 142, *Goodwill and Other Intangible Assets*, SFAS No. 143, *Accounting for Asset Retirement Obligations*, SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* and SFAS No. 145, *Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Conditions*.

SFAS No. 141, *Business Combinations*, requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. SFAS No. 142, *Goodwill and Other Intangible Assets*, addresses accounting for the acquisition of intangible assets and accounting for goodwill and other intangible assets after they have been initially recognised in the financial statements, which is effective for fiscal years beginning after December 15, 2001; however, certain provisions of this Statement apply to goodwill and other intangible assets acquired between July 1, 2001 and the effective date of SFAS 142.

Major provisions of these Statements and their effective dates for the Company are as follows:

- (i) All business combinations initiated after June 30, 2001 must use the purchase method of accounting, with the pooling of interest method of accounting prohibited.
- (ii) Intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity.

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BAY RESOURCES LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2003 and 2002

(2) RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

- (iii) Goodwill, as well as intangible assets with indefinite lives, acquired after June 30, 2001 will not be amortised. In the year of adoption, all previously recognised goodwill and intangible assets with indefinite lives will no longer be subject to amortization.
- (iv) Goodwill, tested by business segment and intangible assets with indefinite lives will be tested for impairment annually and wherever there is an impairment indicator.

Management has adopted SFAS No. 141 and 142 as of June 30, 2002 and believes there was no material impact on the Company's financial statements.

SFAS No. 143, *Accounting for Asset Retirement Obligations*, addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 will be effective for the Company for the fiscal year beginning July 1, 2003 and early adoption is encouraged. SFAS No. 143 requires that the fair value of a liability for an asset's retirement obligation be recorded in the period in which it is incurred and the corresponding cost capitalised by increasing the carrying amount of the related long-lived asset. The Company estimates that the new standard will not have a material impact on its financial statements.

SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, is effective for the Company on July 1, 2003, and addresses accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of* and APB Opinion No. 30, *Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business*. SFAS No. 144 retains the fundamental provisions of SFAS No. 121 and expands the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The Company estimates that the new standard will not have a material impact on its financial statements.

SFAS No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections* is effective for the Company on July 1, 2003 and records FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt and an amendment of that Statement, FASB Statement No. 64, Extinguishments of Debt made to Satisfy Sinking-Fund Requirements. This Statement also rescinds FASB Statement

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BAY RESOURCES LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2003 and 2002

(2) RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

No. 44, Accounting for Intangible Assets of Motor Carriers. This Statement Amends FASB Statement No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changes conditions. The Company estimates that the new standard will not have a material impact on its financial statements.

(3) ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed in connection with the preparation of the consolidated financial statements.

(a) Consolidation

The consolidated financial statements include the accounts of Bay Resources and the 100% interest it holds in Baynex.com Pty Ltd, Bay Resources (Asia) Pty Ltd and 4075251 Canada Inc. All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Foreign Currency Translation

The majority of Bay Resources' administrative operations are in Australia and as a result its accounts are maintained in Australian dollars. The income and expenses of its foreign operations are translated into Australian dollars at the average exchange rate prevailing during the period. Assets and liabilities of the foreign operations are translated into Australian dollars at the period-end exchange rate. Foreign currency translation adjustments have not been material for all periods presented.

(c) Financial Instruments

The following methods and assumptions were used by Bay Resources to estimate the fair values of financial instruments as disclosed herein:

- (i) Cash The carrying amount approximates fair value because of the short period to maturity of the instruments.
- (ii) Investment Securities The carrying amounts approximate fair value.

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BAY RESOURCES LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2003 and 2002

(3) ACCOUNTING POLICIES (Continued)

- (iii) Long-term Debt The fair value of long-term debt is estimated based on interest rates for the same or similar debt offered to Bay Resources having the same or similar remaining maturities and collateral requirements.

The fair value of all financial instruments approximate their carrying value.

- (d) Investment Securitiesz
Management determines the appropriate classification of investment securities at the time they are acquired and evaluates the appropriateness of such classification at each balance sheet date. The classification of these securities and the related accounting policies are as follows:
- (i) Trading securities are held for resale in anticipation of short-term fluctuations in market prices. Trading securities consisting primarily of actively traded marketable equity securities are stated at fair value. Realised and unrealised gains and losses are included in income.
- (ii) Available-for-sale securities consist of marketable equity securities not classified as trading securities. Available-for-sale securities are stated at fair value and unrealised holding gains and losses net of the related deferred tax effect, are reported as a separate component of stockholders' equity.
- (iii) Dividends on marketable equity securities are recognised in income when declared. Realised gains and losses are included in income. Realised gains and losses are determined on the actual cost of the securities sold.

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BAY RESOURCES, LTD. AND SUBSIDIARIES
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(3) ACCOUNTING POLICIES (Continued)

- (e) Cash
Bay Resources considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. For the periods presented there were no cash equivalents.
- (f) Income Tax
Income taxes are provided on financial statement income. For the periods presented there was no taxable income. There are no deferred income taxes resulting from timing differences in reporting certain income and expense items for income tax and financial accounting purposes. Bay Resources at this time is not aware of any net operating losses which are expected to be realised.
- (g) Loss per share
Basis (loss) per share is computed based on the weighted average number of common shares and common share equivalents outstanding during the period. Dilutive loss per share has not been presented as the effects of common stock equivalents are anti-dilutive.
- (h) Exploration Expenditure
Exploration expenditure consisting of prospecting and exploration costs are written off into operations as incurred.
- (i) Convenience Translation to US\$
The consolidated financial statements as of and for the year ended June 30, 2003 have been translated into United States dollars using the rate of exchange of the United States dollar at June 30, 2003 (AUS \$1.00=US\$0.667). The translation was made solely for the convenience of readers in the United States.
- (j) Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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	A\$000's 2002	A\$000's 2003
(4) INVESTMENT SECURITIES		
The following is a summary of Investment Securities:		
Investment in SCNV (note 8)	\$ 4,516	\$ 4,516
Investment in AXIS Consultants		
	4,516	4,516
Permanent impairment	(4,516)	(4,516)
	\$	\$
Net Carrying Value	\$	\$

The Company accounts for its 24% investment in SCNV using the cost method of accounting (see note 8). During fiscal 2001, management provided for a full valuation on the SCNV investment. The Company also has a 9% cost basis investment in AXIS Consultants, a related party, which is recorded at no value.

	A\$000's 2002	A\$000's 2003
(5) LONG-TERM DEBT		
The following is a summary of Bay Resources' borrowing arrangements from related entities as of June 30, 2002 and 2003		
Long Term		
Loan from Chevas, a corporation affiliated with the President of Bay Resources. Interest accrued at 8.6% (2002: 8.00%-8.75%) being the ANZ Banking Group Limited rate plus 1% for overdrafts over \$100,000. Repayment of loan not required before September 30, 2004. (1)	\$ 784	\$ 1,240
Loan from Mr JI Gutnick, President of Bay Resources. Repayment of non interest bearing loan not required before September 30, 2004		47
Loan from AXIS Consultants, a corporation affiliated with the President of Bay Resources. Interest accrued at 10.1% being the National Australia Bank rate plus 1.5% for overdrafts over \$100,000. Repayment of loan not required before September 30, 2004 (note 6)		486
	\$ 784	\$ 1,773
	\$	\$

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(5) SHORT TERM AND LONG-TERM DEBT (Continued)

(1) During the year ended June 30, 2000, the Company issued 8,000,000 options to purchase previously unissued stock. The options to purchase shares expire January 20, 2010 and the exercise price is US\$1.00 per share. The options were issued to Edensor, a company affiliated with the President of Bay Resources. Edensor advised the Company in June 2003 that it had sold 2,000,000 options to Delkern Investments Ltd. At June 30, 2003, all 8,000,000 options are outstanding.

(6) AFFILIATE TRANSACTIONS

Bay Resources advances to and receives advances from various affiliates. All advances between consolidated affiliates are eliminated on consolidation. Included in accounts payable and accrued liabilities at June 30, 2003 and 2002 was A\$0 and A\$389,088 due to AXIS Consultants, an affiliated management company (see note 5). During the years ending June 30, 2003, 2002 and 2001, Bay Resources paid management fees to this affiliated management company in the amounts A\$201,688, A\$169,770 and A\$267,000 respectively. At June 30, 2001, 2002 and 2003, the Company owed AXIS Consultants A\$185,000, A\$389,088 and A\$485,801 respectively for services provided in accordance with the Service Agreement. During fiscal 2001, 2002 and 2003, AXIS Consultants charged interest of A\$19,724, A\$29,198 and A\$46,642 respectively on outstanding balances. These entities are affiliated through common management and ownership.

Chevas Pty Ltd, a company associated with the President of the Company, Joseph Gutnick, has provided loan funds to enable the Company to meet its liabilities and has paid certain expenses on behalf of the Company. At June 30, 2001 the Company had a liability to Chevas of A\$641,572. During the 2002 fiscal year, Chevas loaned a further A\$82,000 and charged A\$60,171 in interest to the Company on the loan account. At June 30 2002, the Company owed Chevas A\$783,743. During the 2003 fiscal year, Chevas loaned a further A\$369,155 and charged A\$86,417 in interest to the Company on the loan account. At June 30, 2003, the Company owed Chevas A\$1,239,315.

During fiscal 2002, Tahera incurred certain exploration and administration costs in Canada on behalf of the Company amounting to A\$36,365 and this amount was owing to Tahera at June 30 2002. During fiscal 2003, Tahera incurred further exploration and administration costs in Canada on behalf of the Company amounting to A\$65,314 (US\$43,564). During fiscal 2003, Mr. J.I. Gutnick and Chevas paid Tahera A\$47,368 (US\$31,594) and A\$53,350 (US\$ 35,584) respectively on behalf of the Company. During fiscal 2002 and 2003, Tahera did not charge the Company interest on amounts outstanding. At June 30, 2003, the Company owed Tahera A\$1,361 (US\$900) and Mr. J.I. Gutnick A\$47,368 (US\$31,594).

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BAY RESOURCES LTD AND SUBSIDIARIES
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(6) AFFILIATE TRANSACTIONS (Continued)

Quantum Resources Limited incurred certain costs on behalf of the Company amounting to A\$43,941 (US\$29,308) in respect to the Company's activities in Tibet China as a result of QUR's contacts in China. This amount remains outstanding and is included in accounts payable and accrued expenses at June 30, 2003

(7) GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of Bay Resources as a going concern. However, Bay Resources has sustained recurring losses. In addition, Bay Resources has a net working capital deficiency which raises substantial doubts as to its ability to continue as a going concern.

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 discussions with these affiliate companies, 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 arrangement 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.

The Company's ability to continue operations through fiscal 2004 is dependent upon future funding from affiliated entities, capital raisings, or its ability to commence revenue producing operations and positive cash flows.

(8) INVESTMENT IN SCNV

Pursuant to a stock purchase agreement dated as of June 5, 1998, the Company acquired 499,701 shares in SCNV Acquisition Corp (SCNV), a related entity, representing approximately 24% of the issued and outstanding share capital of SCNV. The 499,701 shares has been valued at US\$2,800,000 or A\$4,516,000 and has been accounted for using the lower of cost or net realisable value method because the Company does not exercise significant influences over SCNV's operating and financial activities (see note 4)

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 have been recently immigrated to Israel from the USSR and by scientists and institutions in Russia and other countries that formerly comprised the Soviet Union. Simultaneously with the SCNV stock.

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(8) INVESTMENT IN SCNV (Continued)

acquisition by the Company, SCNV completed an initial public offering of common stock and warrants.

The Company has been granted certain demand and piggyback registration rights with respect to the SCNV shares. 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 shares.

(9) INCOME TAXES

Bay Resources files its income tax returns on an accrual basis. Bay Resources should have carry forward losses of approximately US\$18.8 million as of June 30, 2003 which will expire in the years 2004 through 2022. Bay Resources will need to file tax returns for those years having losses on which returns have not been filed to establish the tax benefits of the net operating loss carry forwards. Due to the uncertainty of the availability and future utilization of those operating loss carryforwards, management has provided a full valuation against the related tax benefit. The valuation allowance increased from US\$6.2 million at June 30, 2002 to US\$6.3 million at June 30, 2003.

(10) CANADIAN AGREEMENT

During the 2002 fiscal year, Bay Resources continued to expand its gold exploration business by entering into an agreement to explore for gold on extensive property interests in northern Canada held by Tahera Corporation; and making application via a new 100% owned subsidiary, 4075251 Canada Inc, for properties in the highly prospective Committee Bay Greenstone Belt in Nunavut, Canada.

Bay Resources currently holds 28 claims totaling 71,576 acres in the Committee Bay Greenstone Belt in central Nunavut, Canada. These claims were recorded on October 16, 2002. To keep the claims in good standing, a total of CN\$286,304 of assessment work is required to be completed by the anniversary date of October 16, 2004. CN\$143,152 (CN\$2 per acre) is required in each subsequent year up to 2012 (at which point a decision to bring the claims to lease must be made).

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(11) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	FISCAL YEAR ENDED							
	June 30, 2002				June 30, 2003			
	A\$000 s							
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues								
Loss from Operations	(100)	(123)	(96)	(23)	(110)	(217)	(122)	(232)
(Loss) Before Income Taxes	(100)	(123)	(96)	(23)	(110)	(217)	(122)	(232)
Net (Loss)	(100)	(123)	(96)	(23)	(110)	(217)	(122)	(232)
(Loss) per Common Equivalent Share	(.02)	(.02)	(.02)	(.00)	(.02)	(.03)	(.02)	(.04)