

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 September 30, 2001 or

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

BAY RESOURCES LTD.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organisation)

98-0079697
(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
on which registered

N/A

N/A

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.

Yes 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 September 30, 2001.

PART 1

FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Introduction to Interim Financial Statements.

The interim financial statements included herein 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, 2001.

In the opinion of management, all adjustments, consisting of normal recurring adjustments and consolidating entries, necessary to present fairly the financial position of the Company and subsidiaries as of September 30, 2001 and September 30, 2000, the results of its operations for the three month periods ended September 30, 2001 and September 30, 2000, and the changes in its cash flows for the three month periods ended September 30, 2001 and September 30, 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.

BAY RESOURCES LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
September 30, 2001 and June 30, 2001
and September 30, 2000
(Unaudited)

ASSETS

	Sept 30 2001 <u>A \$000's</u>	June 30 2001 <u>A \$000's</u>	Sept 30 2000 <u>A \$000's</u>
Current Assets:			
Cash	\$1	\$1	\$8
Total Current Assets	<u>1</u>	<u>1</u>	<u>8</u>
Other Assets:			
Investments	-	-	49
Organisational Costs, net	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>49</u>
Total Assets	<u>\$1</u>	<u>\$1</u>	<u>\$57</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:			
Accounts Payable and Accrued Expenses	\$288	\$264	\$250
Total Current Liabilities	<u>288</u>	<u>264</u>	<u>250</u>
Long-Term Debt	<u>717</u>	<u>641</u>	<u>430</u>
Total Liabilities	<u>1,005</u>	<u>905</u>	<u>680</u>
Stockholders' Equity (Deficit):			
Common Stock: \$.0001 par value 25,000,000 shares authorised, 6,347,089 issued and outstanding	1	1	1
Less Treasury Stock at Cost, 2,500 shares	(20)	(20)	(20)
Additional Paid-in-Capital	25,175	25,175	25,175
Accumulated other Comprehensive Loss	(1,989)	(1,989)	(6,456)
Retained Deficits	(24,171)	(24,071)	(19,328)
Total Stockholders' Deficit	<u>(1,004)</u>	<u>(904)</u>	<u>(623)</u>
Total Liabilities and Stockholders' Equity	<u>\$1</u>	<u>\$1</u>	<u>\$57</u>

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

BAY RESOURCES LTD. AND SUBSIDIARIES
Consolidated Statements of Operations
Three Months Ended September 30 2001, Year Ended June 30, 2001
and three months ended September 30, 2000
(Unaudited)

	Three Months Ended Sept 30 2001 <u>A \$000's</u>	Twelve Months Ended June 30 2001 <u>A \$000's</u>	Three Months Ended Sept 30 2000 <u>A \$000's</u>
Revenues:			
Other Income	\$-	\$-	\$-
Costs and Expenses:			
Interest Expense	20	69	14
Legal, Accounting & Professional	1	43	9
Administrative	79	295	152
	100	407	175
Loss from Operations	(100)	(407)	(175)
Permanent decline of Investment	-	(4,516)	-
Income (Loss) before Income Tax	(100)	(4,923)	(175)
Provision for Income Tax	-	-	-
Net Income (Loss)	<u>\$(100)</u>	<u>\$(4,923)</u>	<u>\$(175)</u>
Earnings Per Common Equivalent Share	<u>(.02)</u>	<u>(.78)</u>	<u>(.03)</u>
Weighted Number of Common Equivalent Shares Outstanding	<u>6,347</u>	<u>6,347</u>	<u>6,347</u>

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

BAY RESOURCES LTD. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

September 30, 2001 and June 30, 2001

and September 30, 2000

(Unaudited)

	Shares <u>000's</u>	Common Stock Amount <u>A\$000's</u>	Treasury Stock at Cost <u>A\$000's</u>	Paid in Capital <u>A\$000's</u>	Retained Earnings Deficit <u>A\$000's</u>	Accumulated Other Comprehensive Loss <u>A\$000's</u>	Total <u>A\$000's</u>
Balance June 30, 2000	6,347	\$1	\$(20)	\$25,175	\$(19,148)	\$(6,456)	\$(448)
Comprehensive Income							
Net loss three months ending 9-30-00	-	-	-	-	(175)	-	(175)
Total Comprehensive Income	-	-	-	-	-	-	175
Balance September 30, 2000	6,347	1	\$(20)	\$25,175	\$(19,323)	\$(6,456)	(623)
Comprehensive Income							
Net unrealised loss on marketable securities	-	-	-	-	-	(49)	(49)
Net loss nine months ending 6-30-01	-	-	-	-	(4,748)	4,516	(232)
Total Comprehensive Income	-	-	-	-	-	-	281
Balance June 30, 2001	6,347	1	(20)	25,175	(24,071)	(1,989)	(904)
Comprehensive Income							
Net loss three months ending 9-30-01	-	-	-	-	(100)	-	(100)
Total Comprehensive Income	-	-	-	-	-	-	(100)
Balance September 30, 2001	6,347	\$1	\$(20)	\$25,175	\$(24,171)	\$(1,989)	\$(1,004)

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

BAY RESOURCES LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Three Months Ended September 30, 2001 and 2000
and Year Ended June 30, 2001
(Unaudited)

	Three Months Ended Sept 30 2001 A\$000's	Year Ended June 30 2001 A\$000's	Three Months Ended Sept 30 2000 A\$000's
Cash Flows from Operating Activities:			
Net Income (Loss)	\$(100)	\$(4,923)	\$(175)
Adjustments:			
Permanent Decline of Investment	-	4,516	-
Accounts Payable and Accrued Liabilities	24	(21)	(35)
Net Cash Provided (Used) in Continuing Operations	<u>(76)</u>	<u>(428)</u>	<u>(210)</u>
Cash Flow from Investing Activities:			
Investment in Treasury Stock	-	-	-
Capital Expenditures, Net	-	-	-
Net Proceeds from Investments	-	-	-
Investment in Subsidiary	-	-	-
Net Cash Provided (Used) in Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities:			
Net Borrowing under Credit Line Arrangements	-	-	-
Net Borrowing from Affiliate	76	427	216
Net Borrowings Sale of Options	-	-	-
Net Cash Provided by Financing Activities	<u>76</u>	<u>427</u>	<u>216</u>
Net Increase (Decrease) in Cash	-	(1)	6
Cash at Beginning of Year	<u>1</u>	<u>2</u>	<u>2</u>
Cash at End of Year	<u>\$1</u>	<u>\$1</u>	<u>\$8</u>
Supplemental Disclosures:			
Common Stock Issued in Lieu of Debt Repayment \$	-	-	-
Interest Paid (Net Capitalised)	20	69	14
Income Tax Paid \$	-	-	-

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

BAY RESOURCES LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
September 30, 2001, June 30, 2001 and
September 30, 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 September 30, 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. Bayou 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 at September 30, 1998. On August 21, 2000, Bay Resources incorporated a new wholly owned subsidiary, Bay International Pty Ltd, a corporation incorporated under the laws of Australia.

(2) Investment Securities

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

	Sept 30 2001 <u>A\$000's</u>	June 30 2001 <u>A\$000's</u>	Sept 30 2000 <u>A\$000's</u>
Investment Cost Method			
Available for Sale Securities	\$4,516	\$4,516	\$4,516
Gross Unrealised Losses	(4,516)	(4,516)	(4,467)
Marketable Equity Securities, at fair value	-	-	<u>\$49</u>

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 securities were sold during 2001 and 2000 and all securities were treated as available for sale for 2001 and 2000.

(3) Short Term and Long Term Debt

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

	Sept 30 2000 <u>A\$000's</u>	June 30 2000 <u>A\$000's</u>	Sept 30 1999 <u>A\$000's</u>
<u>Long-Term</u>			
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, 2002. (1)	717	641	\$430
Total Long-Term	<u>717</u>	<u>\$641</u>	<u>\$430</u>

- (1) Repaid 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 A\$7,000 was repaid on January 20, 2000 partly through the issuance of 8,000,000 options to purchase previously unissued stock. Both issuance's 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 September 30, 2001, Bay Resources had no outstanding advances to or from unconsolidated affiliated companies. \$266,000, \$213,000 and \$245,000 of accounts payable for the years shown is due to an affiliated management company.

BAY RESOURCES LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2001, June 30, 2001 and

September 30, 2000

(5) 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 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 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.

(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 Solmecs 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.

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 shares.

(7) Income Taxes

Bay Resources files its income tax returns on an accrual basis. Bayou has carry forward losses of approximately US\$17.5 million as of June 30, 2001 which expire in the years 1999 through 2012. Bay Resources will need to file tax returns for those years of the NOL carryforwards. Due to the uncertainty as to realisation of these losses, a valuation allowance of US\$6.0 million has been recorded to off set the tax benefit of the carry forward losses. During the year ended June 30, 2001, Bay Resources provided an additional valuation allowance of US\$1.0 million.

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

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:

3 months ended September 30, 2000 A\$1.00 = U.S. \$.5407
3 months ended September 30, 2001 A\$1.00 = U.S. \$.4915

RESULTS OF OPERATION

Three Months Ended September 30, 2001 vs. Three Months Ended September 30 2000.

Costs and expenses decreased from A\$175,000 in the three months ended September 30, 2000 to A\$100,000 in the three months ended September 30, 2001. The Company's financial statements are prepared in Australian dollars (A\$). Since September 30, 2000 the A\$ compared to the United States dollar (US\$) has fallen by 9%. A number of the costs and expenses of the Company are incurred in US\$ and the conversion of these costs to A\$ means that the comparison of September 2001 to 2000 does not always present a true comparison. The decrease is a net result of:

- a) an increase in interest expense from A\$14,000 for the three months ended September 30, 2000 to A\$20,000 for the three months ended September 30, 2001 as a result of the increase in long term debt of the Company required to fund the Company's operations which partially offset a decrease in interest rates over that period.
- b) a decrease in legal accounting and professional expense from A\$9,000 for the three months ended September 30, 2000 to A\$1,000 for the three months ended September 30, 2001.
- c) a decrease in administrative costs including salaries from A\$152,000 in the three months ended September 30, 2000 to A\$79,000 in the three months ended September 30, 2001. In the comparable period in 2000, the Company was conducting a review of a new business activity such as the business to business (B2B) project being undertaken with Primus Telecom. There was no comparable work being undertaken in the current period.

As a result of the foregoing, the loss from operations decreased from A\$175,000 for the three months ended September 30, 2000 to A\$100,000 for the three months ended September 30, 2001.

The net loss was A\$100,000 for the three months ended September 30, 2001 compared to a net loss of A\$175,000 for the three months ended September 30, 2000.

Liquidity and Capital Resources

As of September 30, 2001 the Company had short-term obligations of A\$288,000 comprising accounts payable and accrued expenses and long term debt of A\$717,000.

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, of 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 2002.

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.

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.

Item 3. 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 September 30, 2001, the Company had outstanding borrowings of approximately \$717,000 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 \$10,000 annually.

PART II

Item 1. LEGAL

Not Applicable

Item 5. OTHER INFORMATION

Not Applicable

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

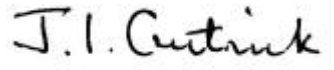
The Company did not file any Report on Form 8-K during the three months ended September 30, 2001.

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 thereinto duly authorised.

BAY RESOURCES LTD.

By:



Joseph I. Gutnick
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

Dated: November 14, 2001



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

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