



ANNOUNCEMENT

September 27, 2000

Summary of Announcement

Baynet, Ltd (Shortly to be Bay Resources Ltd) acquires strategic stake in St Andrew Goldfields Ltd

Details of Announcement

Melbourne, Australia - Baynet, Ltd (OTC - BB: Bayu) is pleased to announce that the Company has signed a term sheet with St Andrew Goldfields Ltd ("St Andrew") and Edensor Nominees Pty Ltd ("Edensor") providing for a share exchange between the Company and St Andrew and certain private placement arrangements that would, upon completion, result in the Company owning approximately 36% of St Andrew.

St Andrew is listed on the Toronto Stock Exchange (TSE:T.SAS). St Andrew has four gold systems, three mine sites with underground workings, approximately 50 square miles of land, and a 1300 tonne per day mill. The properties primarily lie 23 to 50km east of Timmins, approximately 700km north of Toronto, along the Porcupine Destor Fault Zone. Historically, gold mines in the Timmins area occur along this fault zone and ten mines have already produced 1 to 20 million ounces of gold with development from surface to over 5000 ft deep.

St Andrew advised in its announcement of its second quarter results that it was focussing its efforts on its Taylor project and Stock mine and would terminate the open pit mining operations at Hislop in December 2000.

The Taylor project is 8 miles from the existing Stock mine and mill and gold mineralisation has been identified over 1.5 miles from the shaft westwards to the Shoot zone. The high grade West Porphyry zone lies in the middle and remains open at depth. Current gold resources on the Taylor property are 1.03 million ounces of gold using grades only above 0.075 ounces. The current resources are sufficient for at least a 12 year mine life with production of 50,000 to 70,000 ounces per year. One will be trucked to the Stock mill for processing.

St Andrew currently operates the Stock mine which re-opened in the second quarter of 2000. It produced 4,635 ounces of gold and an average head grade of 6.6 g/t and a recovery rate of 96.2%. Cash operating costs for the quarter were US\$234 per ounce. Recent positive diamond drill results indicate reserves continue at depth and along strike.

The term sheet contemplates that the Company would exchange 1 million common shares of the Company for 16 million shares of St Andrew (the "exchange shares"). The deemed value of the common shares of St Andrew for the purpose of the share exchange will be C\$0.25 per share for a total consideration of C\$4 million. As part of the share exchange, St Andrew will also issue to the Company, 16 million common share purchase warrants for a 36 month period from closing at a subscription price of C\$0.25 per common share.

As part of the St Andrew financing, St Andrew will undertake on a best efforts basis a private placement of up to 16 million common shares at a subscription price of C\$0.25 per share for a total consideration of C\$4 million. As part of the private placement, Edensor or its nominee will subscribe for a minimum of C\$1 million. In addition, subscribers for the common shares in the private placement will be entitled to a share purchase warrant to acquire one common share of St Andrew at price of C\$0.25 per share for a period of 36 months for a total consideration of C\$4 million.

St Andrew will also undertake on a best efforts basis a private placement to replace the existing secured financing arrangements and to provide additional working capital with a first secured convertible debenture of up to C\$4 million which will be convertible into a unit at a price of C\$0.25 each unit consisting of one common share and a half share purchase warrant. Each whole warrant is exercisable into one common share at C\$0.25 per share for 36 months.

In connection with the share exchange, the Company will enter into a put/call arrangement with respect to the Company's shares that have been exchanged for St Andrew's shares. The exchange shares will be held in escrow and released pro rata to the Company's shares being sold under the put/call to the Company or otherwise realised by St Andrews. Edensor will guarantee the Company's obligation under the put provisions.

Accordingly, potential proceeds to St Andrew from these financings total C\$22 million including C\$8 million from the private placements, C\$4 million from the share exchange and C\$10 million upon the exercise of warrants. These funds will be used to improve St Andrew's working capital, replace the existing secured debt facilities and finance the first phase underground exploration and development program at Taylor. It is anticipated the balance of the capital cost to bring Taylor into production will be funded by project financing.



Bay Resources Ltd



In connection with the foregoing, the Company would be entitled to appoint 3 directors to the Board of Directors of St Andrew at closing. Mr. Joseph Gutnick would be appointed as Executive chairman of St Andrew. The share exchange transaction is subject to a number of conditions including the signing of definitive agreements, completion of due diligence and regulatory approval.

The share exchange transaction is anticipated to close on or about November 15, 2000. The private placement transactions are subject to due diligence to each other closing and regulatory approval and are anticipated to close prior to the share exchange transaction.

Baynet, Ltd, soon to be called Bay Resources, Ltd, is a company listed on the OTC-BB (OTC-BB: BAYU) that is 79.2% owned by Edensor. The Company has a joint venture with Primus for the development of a B2B mining portal that will specifically cater to companies operating in the global mineral exploration, extraction and processing industry. Edensor is a trustee for the Joseph Gutnick family trust.

Joseph Gutnick is one of Australia's leading mining entrepreneurs. He is a Fellow of the Australasian Institute of Mining & Metallurgy, a Fellow of the Australian Institute of Management and a Director of the World Gold Council. Mr. Gutnick is currently President of the Company, Chairman and Managing director of five publicly listed companies in Australia, Non-Executive Chairman of one listed public company in Canada and one listed public company in Australia. Mr. Gutnick headed the team that was responsible for the discovery and development of four world-class mines in Australia, namely the Plutonic, Bronzewing and Jundee gold mines, and the Cawse Nickel Operations. Mr. Gutnick is in the process of acquiring a substantial interest in Tahera Corporation (TSE:TAH), a Canadian diamond exploration and development company that is committed to bringing its Jericho Diamond Project to commercial production.

St Andrew Goldfields Ltd. is a gold mining and exploration company committed to bring the Taylor Mine into production. With a modern gold mill and three known gold systems contained within approximately 50 square miles of landholdings encompassing 20 miles of the Porcupine - Destor Fault east of Timmins, Ontario, St Andrew is uniquely positioned to grow significantly beyond the successful startup of Taylor.

Baynet believes this is an exciting new opportunity for the Company and will allow it to take a substantial stake in an under valued company with significant assets capable of being exploited through aggressive exploration, development and operation.

For further information please call:

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