



## ANNOUNCEMENT

October 31, 2002

### Summary of Announcement

Bay Resources Ltd to explore for Gold-Copper in Tibet

### Details of Announcement

Bay Resources Ltd (a Delaware Corporation listed on the over the counter market OTC:BYRE) announces that it has signed a Heads of Agreement with the Tibet Bureau of Geology and Minerals Exploration Development, China to earn a 51% interest (with the right to earn up to a 70% interest in two drilled porphyry zones and the surrounding higher risk exploration areas) in the Xigaze copper belt running in a 200km east-west trend either side of Lhasa. The exploration block of about 40,000km<sup>2</sup> contains eight known porphyry deposits. To date, only two have been drill tested - in west Chong Jiang and east of Lhasa Qu Long.

Qu Long is the main area with a huge central ore zone fully exposed with no soil or vegetation cover. Whilst only one hole has been completed, it intersected 500 meters of approximately 1% copper with several thick higher-grade intervals of 4% copper. Gold grades are known from surface sampling, but core assays are not yet available. Based on the surface grades, it is suspected that there will be 0.3 grams per tonne ("gt") gold credits along with silver and molybdenum. The central ore zone at Qu Long measures over 1 kilometer, it stands over 500 meters above the valley floor and has been drilled to 500 meters depth - a block of mineralized rock over 1 kilometer in each dimension, potentially a significantly large ore zone. Clearly much more drilling is required to define the ore deposit and the average grade, this has the potential to be a world class deposit containing over 5 million tones of copper metal as well as substantial credits of silver, gold and molybdenum.

Chong Jiang is more thoroughly tested with four drill holes and over 700 meters of adit development. On the eastern side (closer to the main porphyry intrusion) drill hole No. 2 and an adit both intersected 1% copper ore and 0.2 g/t gold. From an exploration point of view this warrants further exploration.

Other porphyry deposits have been recognized and explored by rock chip sampling and shallow trenching. Both copper and gold grades are encouraging but as yet no drilling has been completed. It is significant that these deposits were only discovered late in 1999 - the first drill holes were only completed last year at Chong Jian, and Qu Long was first drilled in August 2002.

The Ministry of Lands and Resources in Beijing is convinced that the Tibetan porphyry deposits are world class. They committed US\$30 million to Tibet exploration, of which US\$10 million is for the copper porphyry projects.

The Xigaze porphyry deposits also show evidence of elevated gold credits similar to Grasberg and Batu Hijau deposits in Indonesia. Even more significant are the large discrete gold geochemical anomalies extending east from Qu Long. At this stage further exploration is required to know what these represent, they could be gold rich phases of the copper porphyry, and they may prove to be gold systems in their own right. Grasberg was expressed as a 2km<sup>2</sup> 2gt gold target. These are much weaker surface expressions but also up to 2km<sup>2</sup> in area. Without drilling it is not known how much leaching has occurred.

The Company believes the Xigaze porphyry belt is an outstanding exploration and development opportunity. The BGMR geologists and the Minister believe the resource potential already exceeds 10 million tones of contained copper metal, perhaps even twice this amount, and it also has significant credits of silver, gold and molybdenum. Using the lower figure, the in situ value is US\$20 billion. The exploration commitment is a minimum 3 years, and US\$7 million, and in total, seven years for exploration and feasibility totalling US\$35 million. The Heads of Agreement covers a period of 30 years (including the 7 years for exploration and feasibility and 23 years for mining) and can be extended if the economics of the project justify an extension.

Formal contracts are to be signed on November 18, 2002.

#### Forward-Looking Statements

Forward-looking statements in this press release are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties 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 competition and the volatility of gold prices. Actual results and timetables could vary significantly. Additional information about these and other factors that could affect the Company's business is set forth in the Company's fiscal 2002 Annual Report on Form 10-K and other filings with the Securities and Exchange Commission

The technical information in this press release has been reviewed by DR DS Tyrwhitt PhD(Geology), BSc(Hons), FAusIMM, GPGeo, FIMM(London) who is a member of the Australasian Institute of Mining and Metallurgy and has more than 40 years experience in the mining industry.

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