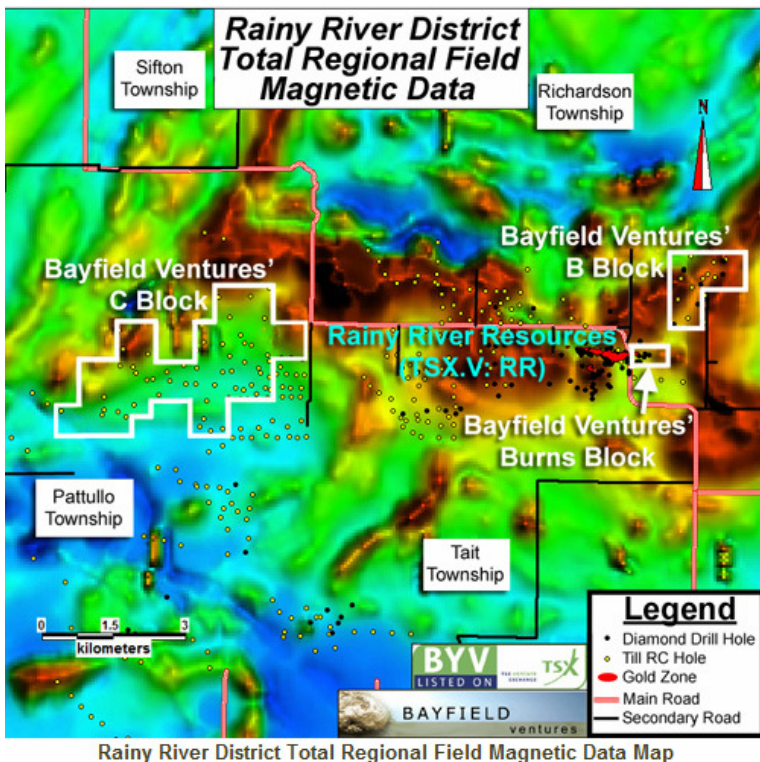
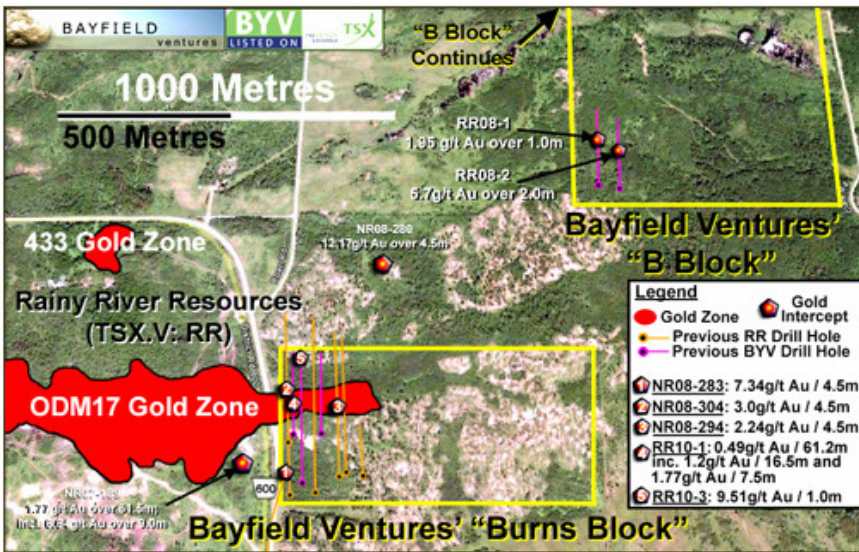


Bayfield Ventures Corp.



Business: Exploration and development of gold mining projects in Canada and the U.S. The company's flagship property is its Rainy River Project in Northwestern Ontario.

Traded Toronto:	BYV
US - OTC:	BYVVF
Price 7/2/10:	US\$0.382
Shares Outstanding:	40.3 Million
Market Cap:	\$15.4 Million
Fully Diluted Shares Outstanding:	\$57.5 Million
Cash as of April 30, 2010:	\$4.2 Million
Progress Rating:	"D"
Telephone:	(604-687-3376)
Web Site:	www.bayfieldventures.com



At this point in time, the most important asset held by Bayfield Ventures is its Burns Block Claims that abuts the ODM17 Gold Zone Discovery held by Rainy River in western Ontario. What makes this stock attractive at the current or lower prices is the extension of the Rainy River Gold Discovery onto Bayfield Ventures Burns Block, as pictured above. In fact, the initial plans to mine this surface deposit had the pit walls extending onto the Burns Block Claims. Following the credit and equity market seize up of 2008-2009, Rainy River, which was strapped for cash at that time, failed to renew its claims. Bayfield alertly took advantage of that fact to pick them up and with it, no doubt, some very valuable ground. Bayfield is embarking on a 20,000-meter drill program now to expand and define a gold resource, with the view of making its Burns Block still more valuable. The deposit is apparently dipping downward toward the

south so that it could extend to a 600-meter depth at the southern end of the Burns Block.

The lion's share of the current 20,000-meter drill program will take place on the Burns Block for the obvious reason that that is where the company will most likely be able to expand and define a meaningful gold resource.

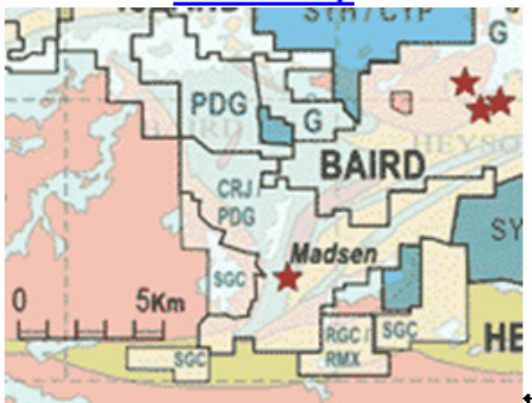
However, the regional field magnetic data map shown above displays two much larger claim blocks held by Bayfield, those being the "B Block" and the "C Block." A smaller portion of the 20,000 meters will be drilled on those two claims, but management plans to extensively drill out the Burns Block on a grid pattern with 50-meter centers.

One thing needs to be said with respect to the potential value of the Burns Block Claims. At this point in time, the official 43-101 resource number for Rainy River's deposit is 2.66 million ounces. Unofficially, the whisper numbers I've heard suggest a deposit of upward to 5 million ounces with exploration ongoing. When you get to a deposit of this size, especially when it is located in an area where excellent infrastructure is in place, and when grades are reasonably good and on surface, major gold producers can get interested quite quickly in such an asset. The logistics of mining this deposit in an optimal manner would most likely require extending the pit onto Bayfield's ground. That in itself should underpin this company's current market cap. And if Bayfield is able to develop a meaningful gold resource of its own as part of this larger deposit, the upside in terms of a multiple of the company's current market cap could be remarkable.

OTHER PROPERTIES:

Bayfield owns a 24.5% interest in the Baird Property at Red Lake. Another junior, Skyharbour Resources, also owns 24.5%, and Goldcorp owns the remaining 51%.

[Bayfield's Baird Property Claims Map](#)



The Baird Property lies in the central Red Lake Gold Belt, 6 km north of the **Claude Resources'** Madsen Mine and 14 km southwest of the Goldcorp Inc. Red Lake Mine. Drilling on the Baird Property in the 1980s returned assay values of over 5.5 oz/ton gold over 4 feet, and more than 0.6 oz/ton gold over 6 feet, among others. These showings were the focus of Bayfield's/Skyharbour's initial 5,000-ft drill program in 2002. The intent was to gain a greater understanding of the geologic setting where these historical grades were present. The company identified two zones of intense alteration (shear zones) that appeared to act as a conduit for the emplacement of these gold

rich showings. It was at this point that Placer Dome took an interest in the property.

After an exploration program in 2002, which included data compilation, mapping, geochemical and geophysical testing, and an initial round of drilling, Bayfield and Skyharbour Resources optioned 51% of the Baird property to **Placer Dome Inc.** The 2003 and 2005 drill programs totaling 24,000 feet, were funded and carried out with the guidance and assistance of Placer Dome, which operated the **Campbell gold mine** 14 km to the northeast. In 2006, **Goldcorp** bought Placer Dome's 51% interest in the Baird property. For a three year period following the formation of the 51% (Goldcorp) / 49% (Bayfield & Skyharbour) joint venture, Goldcorp will have the right to increase its interest to 65% by electing to complete a feasibility study. Should either party elect not to participate in an approved program following the formation of the joint venture, the interest of the non-participating party will be subject to dilution based on a standard formula. Should either party dilute to a 10% interest, its interest will automatically convert to a 1% NSR, half of which can be purchased at any time for \$1 million.

Placer Dome funded 10,000 feet of diamond drilling in the spring of 2003 on the Baird property. This drill program was to test the extension and dimensions of the shear structure discovered on the Baird property in 2002. A large fold structure was identified which contains the shear zone in it. This is considered a control mechanism for gold in the camp. In the fall of 2003, Placer Dome funded another 8,000 feet of diamond drilling to test the fold structure identified in the spring drill program. Placer Dome elected to fund a 3rd drill program in 2005 totaling 6,000 feet. After this 3rd Placer funded drill program, Placer Dome earned their 51% interest in the Baird property. In 2006, Goldcorp acquired all of Placer Dome's interest in Red Lake including the operating Campbell gold mine and the 51% interest in the Baird property. At this time, Goldcorp has become the operator of the Baird property and future drilling costs will be shared based on percentage ownership, with Bayfield Ventures being responsible for its 24.5% interest.

MANAGEMENT

Jim Pettit is Chairman of the Board and Chief Executive Officer of Bayfield Ventures Corp. Mr. Pettit is currently serving as a Director on the Boards of 7 public resource companies and offers 15 years experience within the industry specializing in finance, corporate governance, management, and compliance. He specializes in the early stage development of private, as well as public companies. His background over the past 15 years has been focused primarily within the resource sector where he has managed and directed junior resource companies through good times and bad.

Don Huston, President and a Director of Bayfield Ventures Corp. He has been associated with the mineral exploration industry for over 25 years and has extensive experience as a financier and in-field manager of numerous mineral exploration projects in North America. He was born and raised in Red Lake, Ontario and spent 15 years as a geophysical contractor with C.D. Huston & Sons Ltd. as mineral exploration consultants in northern Ontario, Manitoba, and Saskatchewan. Mr. Huston serves as a Director of 5 Canadian public resource companies.

Don Myers, Director. Don has over twenty years of experience in public company management and corporate communications working with companies listed on the TSX Venture, NASDAQ, and Toronto Stock Exchanges. Mr. Myers background includes holding the position of Director and Officer of several junior public companies listed on the TSX Venture Exchange.

Amanda Chow, Director, serves as an independent Director of Bayfield Ventures Corp. Ms. Chow is a Certified Management Accountant (CMA) and a graduate of Simon Fraser University where she earned her Bachelor of Business Administration degree. She began working with public companies in 1999.

Nancy Ackerfeldt, Corporate Secretary, has over twenty years of experience in public company administration and compliance, working primarily with junior public companies listed on the TSX Venture Exchange. From August 1995 to date, Ms. Ackerfeldt has been employed with 98 Corporate Group Resources Ltd., a private management and administrative services company which provides office space, accounting, legal, secretarial and support services to public companies.

Bob Marvin, B.Sc., Geologist (a member of the Geologic Society of Nevada). Since 1979, Mr. Marvin has been involved in mineral exploration for and evaluation of gold, copper, zinc, and uranium deposits throughout the Americas as an employee and as an independent consultant. He graduated from the University of New Mexico with a Bachelor of Science degree in geology in 1984. Mr. Marvin is the Exploration Manager of the Company's operations.

David Busch, B.A., B.Sc. (hons), PGeo., Consultant and Qualified Person - With over 30 years experience exploring northwest Ontario's gold belts, Dave Busch is considered one of Canada's foremost authorities on the geology and exploration of Archean lode gold deposits, particularly the Red Lake & Birch-Uchi greenstone belts. Mr. Busch is the Company's qualified person as defined in National Instrument 43-101.

Mr. Busch received his Bachelor of Arts Degree in 1970 and his Honors Bachelor of Science Degree in geology in 1974 from Lakehead University. He has held the positions of Field Geologist from 1974 -- 1976 for Phelps Dodge Corp. of Canada, Project Geologist from 1976 -- 1980 for Brinex Ltd., and Senior Project Geologist from 1980 -- 1982 for Getty Canadian Minerals Ltd. Mr. Busch was directly involved in the discovery of the Courageous Lake gold deposit in the Northwest Territories while working for Getty. He has been an independent consulting geologist since 1982, and in 1986 planned and carried out exploration that resulted in the discovery of the Sannorm #1 gold deposit in the Rice Lake belt of Manitoba. Mr. Busch has worked closely with several junior resources companies, including Bayfield Ventures exploring for copper, gold, & coal in the South Gobi region of Mongolia and gold in the Red Lake and Rainy River districts of Northwestern Ontario.

SUMMARY AND CONCLUSION

This stock cannot be considered anything but a speculative exploration play on gold at this time, but it is a speculation that appears to this observer to be a very prudent one. That is to say that as long as the bull market in gold remains in place, I see little downside risk for investors who are willing and able to hold their shares for a protracted period of time, if need be, for the following reason:

- The extension of the existing open-pit 2.66 million plus Rainy River Gold Deposit on Bayfield's ground—the probable need for Rainy River to extend its pit onto Bayfield's ground likely underpins Bayfield's valuation at or well above its current market cap of \$15 million.
- The current market cap of Bayfield, while potentially vulnerable in the short term to a major decline in equity prices, should look very attractive longer term, assuming the bull market remains in place for several more years to come and also assuming that the Rainy River Gold Project moves toward a production decision.

The upside potential for Bayfield would appear to be several fold over its current \$15 million market cap, especially if its extensive drill program begins to define a meaningful gold deposit on the Burns Block, not to mention possibilities on the two larger claims. Also not to be ignored, and in my view justifying a good portion of the company's current market cap, is its 24.5% interest in the Baird Claims in the Red Lake area of Ontario.

My sense is that we are on the verge of a major decline in equity prices that could mean there is no hurry to buy this or any other junior gold stock in the immediate future. On the other hand, given the robust profits being derived by gold producers, it may also be dangerous not to continue holding gold shares in your portfolio, because if we do see gold share prices tumble with the rest of the market, who knows whether you will be able to get back into these shares before they explode upward. Looking at Bayfield's chart, a base at around C\$0.35 seems rather solid at this time. If the price were to fall below that level along with a general market decline we might want to hold off until the "falling knife" stops its downward trajectory. But as long as we remain rabidly positive on the gold mining sector, micro cap companies like Bayfield are well worth buying on weakness and sticking away in your portfolio for the continuation of this long gold bull market.

Alexco Resource Corp.

Your Editor is Not Blowing Smoke

I received the following e-mail from a subscriber suggesting I must be smoking some funny substance:

"Your posting of Saturday, June 26th, had a lengthy piece regarding Alexco Silver. I am a shareholder and had read their corporate presentation dated March 2010 just two days before. There is a major disparity between the production and cost numbers that you claim for them and what they claim for themselves. You say they will produce 7 million ozs. of silver in 2102, and they project only 2.2 million ozs.

"You claim their cash cost of production will be about zero, and they claim about \$5 per silver ounce for 2012.. I spoke with Mr. Clint Nauman, the CEO of Alexco, this morning and he confirmed that their numbers are correct based on their conservative assumptions. You do not explain how they are going to achieve three times the production results they project for 2012. If you are basing your opinion that they are your favorite silver stock on the numbers you have shown, then I believe you owe it to your subscribers to explain how you obtained your numbers since they are so different compared to what the company itself is publishing. D.H."

EDITOR'S RESPONSE: First, of all, it is my understanding that the life of mine costs given conservative price assumptions for base metals in the company's model was in fact established at \$5 per ounce of silver for the life of the mine. However, early in the mine life it is my understanding that the cost may well be closer to zero depending on the actual price of lead and zinc.