



THE MARKET MINDSET
INVESTMENT MEDIA



THE MARKET MINDSET QUARTERLY

July 2023

SUMMER 2023

BY ANDREW O'DONNELL

As we navigate through this eventful summer, it's becoming increasingly challenging to rely on mainstream media outlets for accurate information, making optimism a bit difficult to sustain. Despite claims of the strongest economy ever, we continue to face high inflation and a lack of investment in crucial projects. It's hard to anticipate any significant changes in the overall markets until 2024, leaving us to ponder where the trillions of dollars printed by the US government have disappeared to.

With an ambitious infrastructure bill in place, one would expect a surge in employment opportunities for skilled laborers, revitalizing our roads, bridges, and cities. However, we're not witnessing the expected progress in these areas. Unfortunately, this lack of focus on business development and growth has had adverse effects on many Canadian companies, while our own taxpayers are burdened with a \$13 billion payment to VW to construct a profitable plant. This calls into question the financial acumen guiding our country. To be fair we must consider that not only Canada but Europe has to compete with the massive subsidies offered to companies to come to the US to build out 'the green economy'.

THE MARKET MINDSET
NEWSLETTER
JULY, 2023

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Meanwhile, despite Canada's own challenges, vast amounts of aid have been sent to Ukraine. It raises concerns when countries extend support to others while neglecting their own citizens' well-being. What do Canadians anticipate receiving in return for their financial contributions?

Adding to the complexity, Canada has recently increased interest rates yet again, reaching 4.75%. This surge will undoubtedly put immense pressure on homeowners with mortgages up for renewal and could spell disaster for companies with outstanding loans. The longer rates remain at this level or increase further, the more damage we can expect to witness in our economy. The situation is equally dire in the United States, as the promised infrastructure funding seems yet to materialize. Democrat-led cities are grappling with escalating crime rates, mental health issues, and drug addiction problems that are openly visible on their streets. Here in Vancouver, we are witnessing the consequences of a specific belief system that enables such circumstances.

Now someone who doesn't follow the markets may say: Andrew the markets have been rebounding over the past months! First off, we are not as concerned with overall market metric but rather on the flow of money; also, it is 7 stocks accounting for 90% of those gains. That is not a highlight of a strong economy. There is far more pain to come. Mortgage payments have already soared more than 30% on average in Canada and that will get worse. Interest rates are going to go up again. Most Canadians have their wealth in a massively overvalued housing market. That market depends on the massive migration policies that are radically changing all aspects of life in Canada. The country will hardly be Canada in a few more years, but that is what Justin had intended on and announced. If you are the sort that thinks being Canadian is an ever morphing 'idea' then you have simply accepted a leftist ideology (which is fine) but it is just a belief system. Generally, people look at history and ancestry (genetics) to determine if someone is from a nation. It is why people never assume a European is Chinese or Ugandan. Simply stopping on a piece of land or receiving a piece of paper does not change your biology or genetics.



“With an ambitious infrastructure bill in place, one would expect a surge in employment opportunities for skilled laborers, revitalizing our roads, bridges, and cities. However, we're not witnessing the expected progress in these areas. Unfortunately, this lack of focus on business development and growth has had adverse effects on many Canadian companies, while our own taxpayers are burdened with a \$13 billion payment to VW to construct a profitable plant.”



Despite these challenging circumstances, it's essential to remember that our top picks are intended for long-term investments. If a company reaches its milestones and delivers as anticipated, we seize opportunities to increase our holdings. Likewise, if a company experiences an unexpected surge without apparent reason, it may warrant taking small profits. Throughout this year, we have carefully considered each company's stage and timelines to determine which ones are likely to produce significant results first. In our opinion, DME stands out as that company, with Verses presenting a compelling opportunity.

While the current landscape may seem discouraging, we view it as an unprecedented opportunity in our lifetime. Drawing from my 25 years of experience in the market, including my time at Merrill Lynch and RBC, I believe this period offers an incredible chance to build a portfolio of stocks that can generate generational wealth. History has shown that markets inevitably rebound, and if they don't, we may be facing more significant challenges as a society.

As we move forward with our stock selections, we have a mix of concerns, patient anticipation, and pleasant surprises. Rest assured, we're committed to navigating these uncertain times and seizing the opportunities that lie ahead.

STOCK PICKS UPDATES

DESERT MOUNTAIN ENERGY (TSXV:DME)

Desert Mountain Energy Update as of July 7th

Yesterday's news release from DME came as a shock to us. We are truly taken aback by the latest development, and we wanted to share our initial thoughts and concerns with you.

The company has made a surprising announcement that they will be relocating their projects from Arizona to their newly acquired projects in New Mexico. The process of moving is expected to take approximately three months, which means there won't be any significant activity in Arizona for the remainder of the year. According to the company, this decision was driven by their frustration with the prolonged delays and extensive lead times associated with enhanced recovery permitting in Arizona.

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DESERT MOUNTAIN
ENERGY

Overall, we believe that DME is progressing towards its goals, and the convergence of various project elements requires time and meticulous planning.



This revelation raises numerous questions, particularly because we believed that the permitting process had already been completed.

We are aware that Robert, the CEO, was involved in drafting new helium reporting requirements for the state, but the recent political shift from Republican to Democrat has potentially played a role in this decision. It's worth noting that left-leaning governments tend to be less supportive of industries such as drilling and mining, even if they are crucial for their own green and electric initiatives. However, these are just speculations at this point, and we don't have any concrete information to confirm or deny them.

Given the magnitude of this news, uncertainty looms over the situation, and we are eager to gather more details. We have reached out to the company, seeking a one-on-one discussion or an interview to gain further insights. We hope to receive a response soon. This setback is significant, especially considering that DME was our top pick. At this time, we have decided not to sell any of our stock since the damage has already been done, and we lack definitive answers. Needless to say we have been blindsided by this, especially considering that the company appeared to be on the verge of commercialization.

It is obviously disappointing having to share these kinds of updates, but there are valuable lessons to be learned from this experience. We will continue to closely monitor the situation and keep you informed as we obtain more information.

In regards to Desert Mountain Energy (DME), our analysis is that the company is poised for a promising year ahead. Despite facing challenging market conditions, we have demonstrated unwavering confidence in DME by reallocating resources from other positions to increase our holdings when the valuation of the stock reached, quite frankly, ridiculous levels that seemed disconnected from its actual value.

Here are a couple of highlights:

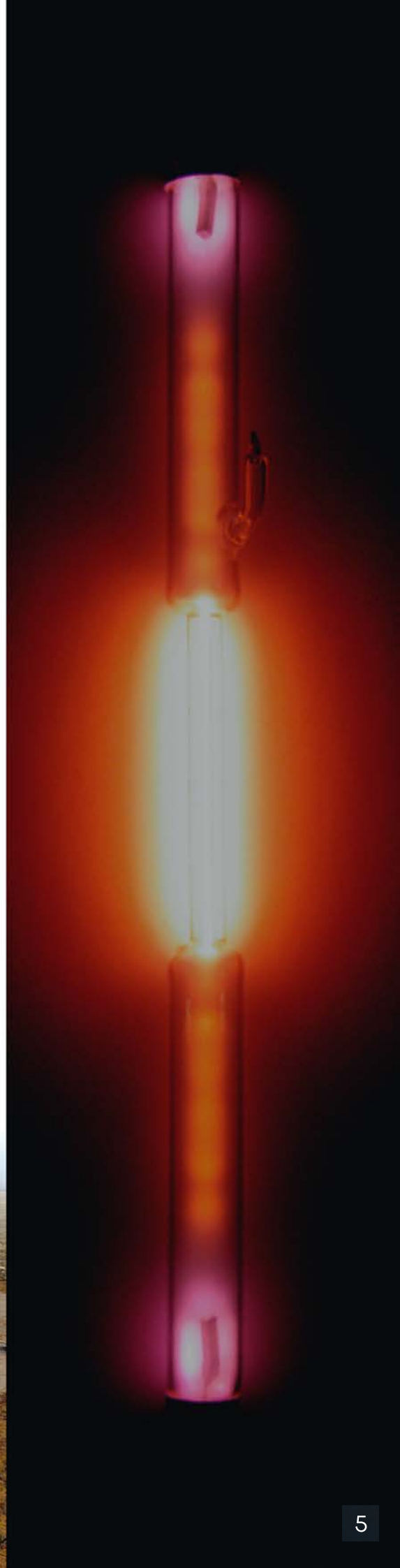
- Possessing a cash reserve of \$19.7 million.
- Successfully avoiding water in the targeted formation areas.



- Expanded the fleet with additional trucks and trailers that have been modified to transport gas from wells to the plant.
- Secured a contract for hauling heavy gas in Colorado.
- Two upcoming drilling operations for wildcat exploration (helium targets) scheduled to be completed by mid-July.
- Continual testing in progress to assess future potential targets.
- Executed a binding letter of intent to acquire the Pecos Slope West Abo Gas Field and its accompanying gas gathering system situated in Chaves County, New Mexico. The acquisition cost comprises \$500,000.00 US for the gathering system and \$2,000,000.00 US in cash for the wells.

We maintain trust in the DME team and their ability to navigate through this challenging market. It is important to acknowledge that chat boards and online discussions might contain manipulative tactics and disinformation, which are often employed by small traders seeking to profit from market fluctuations. While it is reasonable to acknowledge that DME has encountered delays and extended timelines, we should consider the complex nature of the project, where multiple facets are being coordinated simultaneously.

Overall, we believe that DME is progressing towards its goals, and the convergence of various project elements requires time and meticulous planning. This is but a portion of the ongoing work done on prospecting, wildcatting on both hydrogen and helium as well as developments with new fields. People are waiting on the plant and some numbers. We are more than optimistic and feel this company could have an incredible 3rd and 4th quarter.



FIRST PHOSPHATE (CSE: PHOS)

With First Phosphate, the stock has fallen off within the range of \$0.40. Impatience and ongoing economic woes are affecting the stock price. People often dump stocks when scared and hope to buy them as the overall market continues to get battered. Despite this seemingly stagnant performance, we believe it is important to maintain a positive outlook. The company has consistently delivered on its promises, yet the market has failed to fully recognize its potential. Personally, I am thrilled with our position in First Phosphate and want to remind others that success in this industry takes time. Similar to DME, First Phosphate operates as a vertically integrated company, with direct customers engaged in the construction of battery plants in Michigan and Ontario. What is impressive is that the company wants shareholders who wish to sell blocks of 20,000 or more to reach out to them. They have people who will buy blocks of shares. This is incredible to see. It shows there are people who have bought this stock with the understanding that it is a vertically integrated business and a hold for a couple of years.

Although there are no guarantees in business, the pathway to success for First Phosphate appears quite clear. For those who appreciate ventures with significant value potential, this company holds promise akin to that of DME. In the current challenging market environment, it is difficult to express confidence without sounding boastful, but I genuinely believe in the capabilities of the team, the merits of the project, and its trajectory towards success.

Recently, First Phosphate announced the commissioning of a solventless and environmentally friendly phosphate concentration pilot plant. This development signifies the company's commitment to sustainable practices and underscores their proactive efforts to tell their story to a wider audience. The energy and drive exhibited by the management team are impressive, showcasing their awareness of the significant opportunity they possess and their determination to capitalize on it.



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Watch our interview with CEO & Director John Passalacqua of First Phosphate



Although the stock has experienced a pullback to the \$0.50 range, our admiration for this company and its long-term potential remains unwavering. In fact, it ranks as our second top pick. It is crucial to emphasize that realizing returns on our investments will require patience, as success does not come overnight. However, this extended timeline provides an opportunity for investors to gradually build their positions as First Phosphate achieves key milestones.

Some key highlights within the first year of going public:

1. Signed a Memorandum of Understanding ("MOU") with Prayon SA ("Prayon").
2. Initiated a Preliminary Economic Assessment.
3. Achieved a remarkable 40.2% high-purity phosphate concentrate with a 91.4% recovery rate, establishing a world-leading position.
4. Completed an extensive mineralogical study in partnership with Queen's University, confirming the Lac-à-l'Original deposit as a reliable and environmentally sustainable source of North American phosphate for the LFP battery industry.
5. Successfully intersected high-grade phosphate deposits along a 2,000 m magnetic trend.
6. Secured a licensing agreement with Integrals Power Limited ("IPL") of the United Kingdom, enabling the production of LFP Cam at any of the North American facilities.

While we acknowledge that not everything is perfect, and we have experienced losses in some of our positions, we maintain our long-term stance with First Phosphate. Our confidence in the company's potential for success keeps us committed to our position, despite the challenges faced in the market.



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VERSES.AI (OTCQX:VRSSF)

It has been a long time coming for positive news, and the exciting developments that have contributed to a fluctuating stock price, leading to a range between the low \$3 and \$3.40. Looking at the past 52-week trading range, we see that it spans from \$0.3850 to \$3.7200.

Given the significant surge in the stock price, it is understandable that some investors would take the opportunity to secure profits. As a result, the stock has retraced to around the \$2.75 range. Despite this retracement, we are impressed with the company's progress in the development of their General Artificial Intelligence (GAI). This sector has delivered notable successes and has been a driving force in the market, particularly during this challenging economic period.

Here is a significant update highlighting the groundbreaking achievements of the Verses team and the importance of their work. The advancements made by VERSES AI in automating the creation of smart agents go beyond impressive. These agents are specifically designed to comprehend, learn, and adapt to their environment, surpassing the capabilities of ChatGPT and other language-based AI models. This innovation not only reduces the cost and enhances scalability in developing AI agents but also introduces a new breed of AI that is highly adaptable and versatile.

VERSES has strategic plans to integrate this cutting-edge technology into its KOSM AI platform and GIA personal agent. This integration will empower developers and users to effortlessly generate their own customized, context-aware AI agents. These agents can seamlessly operate across diverse digital applications, websites, IoT devices, and even robotics, opening up a world of possibilities for enhanced user experiences and advanced automation.

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LITHIUMBANK (TSX:LBNK)

In assessing the current position of Lithium Bank, we note that the company has recently released a robust Preliminary Economic Assessment (PEA). While the overall market conditions may currently be unfavorable, it is crucial for investors to be assured of the efficiency and effectiveness of the technology employed for resource extraction. Having a resource that cannot be successfully mined or processed would pose significant challenges.

The release of a robust PEA for Lithiumbank showcases the company's commitment to developing a substantial lithium production project. The projected economic indicators, such as the NPV and IRR, suggest the potential for attractive returns for investors. Furthermore, the utilization of environmentally friendly DLE technology and the favorable permitting directives provide additional positive aspects for the project's viability. While market conditions may present challenges, the promising PEA results and the company's focus on efficient and responsible extraction techniques position Lithium Bank favorably within the lithium industry.

As in all our companies we are hold for the long term and this story requires a level of certainty of the technology and viability of getting lithium out of the ground at economic rates. There is still doubt on the technology side of DLE and remember companies are not going to show their specs/designs or science used to extract lithium. Trade secrets are important but that does cast a shadow. Make no mistake though this company has a long term trajectory that we feel optimistic about.

FARADAY COPPER (OTCM: CPPKF)

We maintain our long-term perspective and continue to view the investment in Faraday Copper as a potential success story. For those who may not share our ambitious approach, it is worth noting that the stock has shown significant growth, with a 42% increase year to date. We understand that investors may opt to capitalize on such substantial gains, especially in the mining sector.



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It is always gratifying to secure profits that cover the initial investment cost, allowing the remaining portion of the investment to ride and potentially yield even greater returns in the future. While it is prudent for investors to assess their individual risk tolerance and investment goals, we remain confident in the long-term prospects of Faraday Copper.

Mining companies often present attractive opportunities for investors, and the progress made by Faraday Copper indicates the potential for further growth and success in the future. By staying invested, we position ourselves to benefit from potential future gains and capitalize on the company's positive trajectory.

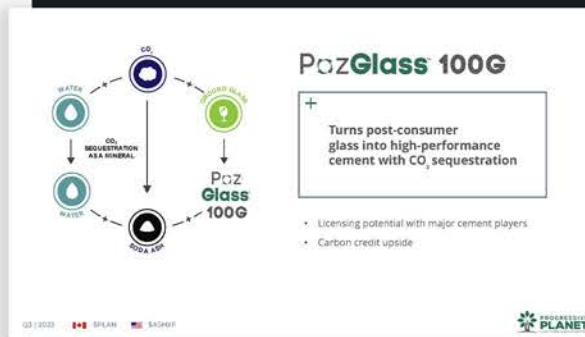
PROGRESSIVE PLANET (TSX: PLAN)

Looking at Progressive Planet, we acknowledge that there have been some disappointing aspects that have affected market sentiment, particularly concerning their partnership with Lafarge. The market did not share the same level of excitement as we did regarding this collaboration. Additionally, the company experienced a setback due to a year adjustable loan, which caused a temporary disruption.

As a result, we currently maintain a hold on the stock and do not anticipate significant developments for the remainder of the year. While we hold a positive view of the company and harbor long-term ambitions, it is possible that Progressive Planet may remain relatively dormant for a period of time.

It is important to recognize that every investment may have periods of slower growth or reduced market activity. In the case of Progressive Planet, we believe it possesses inherent value and potential for future success, albeit potentially requiring some patience from investors. As a "sleeper" stock, it may take time for market dynamics or company-specific catalysts to reignite interest and drive significant movement.

It is important to recognize that every investment may have periods of slower growth or reduced market activity. In the case of Progressive Planet, we believe it possesses inherent value and potential for future success, albeit potentially requiring some patience from investors.



We remain committed to our positive outlook on Progressive Planet, understanding that long-term investment goals often necessitate weathering short-term fluctuations and periods of limited activity. We have taken some hits on this and in fact bought at \$0.32 so we feel the pain of the stock down at \$0.20. We have belief in the necessity, innovation of the company and suite of products coupled with the partnership with LaFarge that will provide value in the months and year ahead.

NG ENERGY INTERNATIONAL (TSX: GASX)

We are not going to pretend everything is perfect, and when assessing the current position of NG Energy it is important to acknowledge that not every investment performs as expected. We must be realistic and admit that we have lost confidence in NG Energy, a company we once held in high regard. Unfortunately, this loss of confidence has resulted in financial losses for our portfolio. While we still retain a small long-term position in the stock, we have decided against further purchases.

Regrettably, NG Energy has not lived up to our initial expectations, leading to a sense of disappointment. It is crucial to recognize and learn from such experiences in order to refine our investment strategies. While this particular investment has not yielded the desired outcomes, we remain committed to evaluating and adjusting our portfolio based on ongoing market conditions and company performance.

SILVER HAMMER (CSE: HAMR)

Throughout the year, we have made adjustments to our position in Silver Hammer. Initially, the project showed great promise; however, a change in management resulted in a period of uncertainty for the stock. Thankfully, the situation has since improved, and we now have renewed confidence in the company's prospects in the short term.

While it is unlikely that we will achieve the same level of returns as our initial entry into the stock, there is an opportunity to actively trade Silver Hammer. The exciting nature of the project, coupled with our regained confidence in the management team, indicates that there may be favorable trading opportunities ahead.

We remain committed to our positive outlook on Progressive Planet, understanding that long-term investment goals often necessitate weathering short-term fluctuations and periods of limited activity.



As investors, it is important to remain adaptable and responsive to changing market dynamics. Our assessment of Silver Hammer reflects our willingness to adjust our position based on new developments and emerging opportunities.

GOLIATH (TSX: GOT) & JUGGERNAUT (TSX: JUGR)

Goliath and Juggernaut, two companies with similarities in the gold sector, are showing promising signs. Goliath, in particular, has recently reported visible gold in its first drill hole of 2023 at the Golden Gate Feeder Zone in the Surebet Extension, located in the renowned Golden Triangle of British Columbia. Furthermore, Goliath has an extensive drilling program underway, with 18,000 meters already in progress, focusing on its new high-grade gold-silver discovery.

We are cautiously optimistic about Goliath's potential and believe that it could mark a significant turning point for the company. There is a possibility of a buyout or the development of a new mine, which could be transformative for Goliath.

In addition, it is important to highlight that both Goliath and Juggernaut share compelling gold stories, and there are synergies between the two companies. We have high expectations for their future prospects and anticipate positive developments.

The drilling program of Goliath's has generated significant anticipation and has been yielding impressive results. GOLIATH has successfully identified visible gold in multiple holes spanning over a 1.5 km area. Moreover, they have made a remarkable discovery of a strongly mineralized trend stretching across 6.5 km, which includes multiple shear zones. This trend remains open, presenting further opportunities for exploration and potential discoveries. The location of these findings is the renowned Golden Triangle in British Columbia.

As a business, we understand that relying solely on past successes is not sufficient. We actively seek out strong companies with growth potential to present to our clients. Despite the challenging market conditions, we believe that some investors will respond positively in the coming weeks and months, considering the substantial amount of approximately 5 trillion dollars currently sitting in money market funds, waiting for the market to stabilize.



GOLIATH
RESOURCES LIMITED

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BARKSDALE RESOURCES (TSX: BRO)

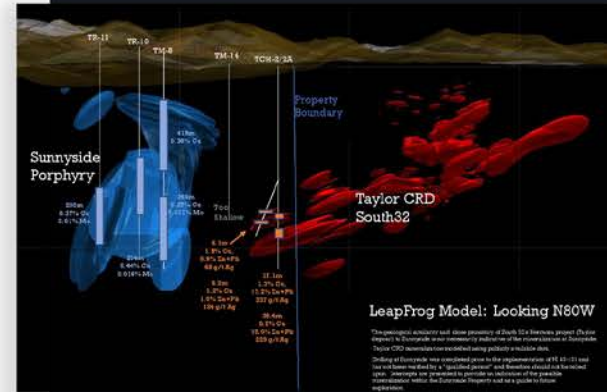
Barksdale Capital has shown significant progress this year, with a 33% increase in its stock price. We believe that the timing for this investment opportunity is more than dynamic. To gain a deeper understanding of the company's story, we encourage you to watch the accompanying video. In summary, Barksdale Capital has received the necessary approvals for their project and is now poised to commence drilling in close proximity to an Australian company's system.

BARTON GOLD (ASX: BGD)

Additionally, we would like to introduce a new company called Barton Gold. Although we have no direct relationship with them and are not currently working together, we discovered Barton Gold through Red Cloud and recently published a video discussing their prospects. Barton Gold is an Australian gold company, and we view it as a long-term consideration spanning 3 to 5 years. Investors may consider allocating a portion of their funds to Barton Gold and adopting a "set it and forget it" approach, allowing the investment to mature over time.

Here are the key highlights:

- The Central Gawler Mill has been appraised at a replacement cost exceeding \$100 million.
- Commencement of processing on the second shipment of approximately 4.5 tonnes of gold concentrates.
- A highly successful oversubscribed placement of \$3.5 million, aimed at expediting Stage 1 Resources.
- Launch of a \$1 million Share Purchase Plan (SPP).
- Noteworthy interviews conducted with Market Mindset, Small Caps, and Fat Tail Investment Research.
- BGD coverage initiated by IIR Research, setting a share price target of \$0.50.
- Cash balance exceeding \$10 million as of 30 June, excluding proceeds from the SPP or concentrate sales.



Barton Gold

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The main message is that the current state of the market warrants caution and patience. The ongoing global changes and the absence of strong leadership contribute to an uncertain environment. The need for effective leadership in the United States is evident, as it could alleviate worldwide concerns.

Daily observations reveal vulnerabilities within the US, prompting a significant pushback. This resistance offers hope that people will awaken to detrimental ideologies and instead prioritize selecting leaders based on technical expertise and financial proficiency. By embracing merit over narrative and ideology, we can strive towards achieving our goals and fostering a more stable financial landscape.

