

# 'Screaming buy': Lithium stock shorter switches sides

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One of the lithium boom's loudest critics has switched from activist short selling attacks on sharemarket bolters Vulcan Energy and Lake Resources to work for a rival explorer he now says is a screaming buy.

Bondi beach resident, hedge fund adviser, Sinophile, and former Labor Party parliamentary candidate for Wentworth, Tim Murray, said his Damascene conversion happened after understanding the huge potential of US-based lithium brine explorer Anson Resources, which he joined as chief operating officer in January.



Bruce Richardson (r) the US-based chief executive of Anson Resources, with Tim Murray (l) the chief operating officer. **Oscar Colman**

“It’s sort of like the Holy Grail in lithium mining,” Murray says of Anson’s potential to unlock new direct lithium extraction (DLE) technologies to produce the key battery ingredient.

“Because the [conventional] process to make batteries involves a lot of waste. It’s dirty, there’s lots of water and chemical usage, lots of coal power too. But this is different, that’s why it’s so attractive, because you get green lithium through this process. That’s how I went from sceptic to believer.”

ASX-listed Anson owns the Paradox Lithium Project in Utah, USA, which Murray says can supply battery grade lithium to US electric vehicles on a mine life of 23 years.

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DLE technology to separate lithium from brine without the need for expensive and time intensive evaporation ponds is yet to work anywhere on a commercial scale among ASX operators, but that hasn’t stopped multiple explorers boasting they can master the next-gen tech to produce lithium.

Murray says Anson agreed to license its DLE technology from Chinese industrial group Sunresin because it has a proven track record of commercial lithium extraction at scale.

The co-founder and former managing partner of activist short seller partnership J Capital also brushed off suggestions he's a hypocrite after prior work saw him rubbish Anson's green lithium peers, Vulcan Energy in 2021, and Lake Resources in July 2022.

"So Anson is way ahead of other companies. Sunresin is a big deal. A lot of other players are just a few mates in a shed tinkering with some test tubes," he says.

"The reason I wrote those [short] reports about other companies is the same reason I joined Anson, I was concerned that other companies did not have a methodology of extracting lithium from brine. So, that's what kept me interested in finding who could actually do it."

## Long way off production

In December 2021, Murray had to apologise and reach a legal settlement with Vulcan Resources after it brought a court claim against him and J Capital alleging they engaged in false, misleading, or deceptive behaviour and defamed multiple Vulcan executives. [<https://www.afr.com/companies/energy/j-capital-settles-vulcan-energy-lawsuit-20211215-p59hyl>]

Like Vulcan, Anson is also a long way off production. It had cash of \$45 million at December 31 after raising \$50 million in September and estimates it needs to raise another \$US495 million (\$735 million) to get the Paradox Project into production.

Anson's definitive feasibility study (DFS) published in September 2020 suggests a base case valuation of \$US1.3 billion for the project assuming a price of \$US20,000 per tonne for lithium carbonate, or a \$US5.1 billion valuation on September 2021's price of \$US69,400 a tonne.

Anson's US-based chief executive Bruce Richardson says he expects the lithium price to find its way towards a bottom between last September's highs and the base case price in Anson's DFS of \$US20,000.

Richardson's immediate target is to raise around \$US300 million in debt and \$US200 million in equity to reach the \$US500 million required.

"\$US500 million in investment seems a lot, but with the payback that you get with the margin that's in there on around \$US4350 as a [CI] cost of production it all looks good as far as the marginal return for investors goes," says Richardson.

# Funding battle

The ASX now has around 60 listed lithium explorers scrambling to raise money via debt or equity, with deep-pocketed government development agencies and multi-lateral development banks targeted as sugar daddies to help executives get projects off the drawing board into production.

In the US, the *Inflation Reduction Act* allows for up to \$US1 trillion of investment into clean energy [<https://www.afr.com/markets/equity-markets/debelle-bemoans-distortion-created-by-biden-s-usltn-green-bill-20230215-p5ckoz>], with the European Union's *REPowerEU* legislation targeting €210 billion (\$334 billion) of investment by 2027.

In Australia, the potential National Reconstruction Fund (NRF) will hand out around \$15 billion to projects if it gets parliamentary approval.

[<https://www.afr.com/politics/federal/15bn-fund-at-the-mercy-of-the-greens-after-lib-rebuff-20230207-p5cihg>]

Murray's other short target, Lake Resources boasted to investors the UK government's Export Credit Agency provided an expression of interest to fund 70 per cent of the \$US544 million in capital costs required for its Kachi lithium brine project in Argentina.

Lake has also announced an expression of interest for \$US100 million in funding from Canada's government at the same time as raising money from shareholders.

After missing out on the lithium mania in 2021 and 2022 that catapulted other speculative lithium explorers to multi-billion dollar valuations Anson commanded a market value around \$260 million, at 22 cents a share on Friday.

Richardson sits on interests in 37.3 million shares and Murray owns 257,768 he bought on-market. Ever confident, Murray says Anson can be the next huge winner in the lithium space as it can raise the capital it needs based on the advantages it has a rare North American project to exclusively supply US electric vehicle markets.

He also has a "simple response" to the cynics that were formerly led by himself. "Have a real look at Sunresin, they can do it," he says. "All the other players are using technologies not in commercial production."

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