

Stardust Power, Inc. (Nasdaq: GPAC)

Rating: Buy

Price Target: \$19.00

Share Price: \$11.06

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Company Data

Average Daily Volume (M)	0.347
52-Week Range	10.60-12.55
Shares Outstanding (M)	9.19
Market Cap (M)	102.8
Enterprise Value (M)	106.74
Total Cash (M), mrq	0.02
Total Debt (M)	3.94
Total Debt to Cap	0.037

Estimates

	FYE: Dec	2024E	2025E	2026E	
EPS	Q1	N/A	(0.02)	(0.01)	
	Q2	N/A	(0.02)	(0.01)	
	Q3	N/A	(0.02)	(0.01)	
	Q4	N/A	0.01	0.01	
	FY	(0.08)	(0.07)	(0.03)	
P/E		NM	NM	NM	
	Rev	Q1	N/A	0.0	2.0
		Q2	N/A	0.0	2.0
		Q3	N/A	1.0	2.0
		Q4	N/A	2.0	4.4
EV/Sales		FY	N/A	3	10.4
			N/A	N/A	N/A

One-Year Performance Chart


Source: E*Trade.

Enabling the Lithium “Gold Rush” of the 21st Century.

Initiating coverage with a Buy rating and \$19 price target.

- Stardust Power represents a new breed of clean process-based lithium producers in the U.S., set to challenge the entrenched near-monopoly of mining companies in China and other overseas markets like Chile. Note: the company *processes* and *refines* lithium; it does not mine or extract it.

- The company is in the process of going public through a SPAC merger with Global Partner Acquisition Corp. II (Nasdaq: GPAC) and will trade under the Nasdaq ticker symbol SDST.
- With demand for lithium continuing to accelerate, we believe that developed nations in America and the EU will gradually be shifting their demand to environmentally-friendly suppliers.
- Stardust Power is set to deliver multiple benefits to domestic customers as an eco-friendly U.S.-based producer: Significant savings in overseas shipping and logistics costs, environmental compliance, and a greatly simplified domestic supply chain.

- Stardust Power is poised to become one of the major suppliers of battery-grade lithium in the U.S., as it completes its central lithium refinery plant in Muskogee, Oklahoma, capable of producing 50,000 tons of battery-grade lithium annually with a plan to scale up production over time. The total cost of the project will be ~\$1.2 billion, with the first phase (getting the company to 25,000 tons per year) costing ~\$650 million. Management expects that up

to 80% of the total could be secured through project finance, with the balance via sponsor equity including potential government grants.

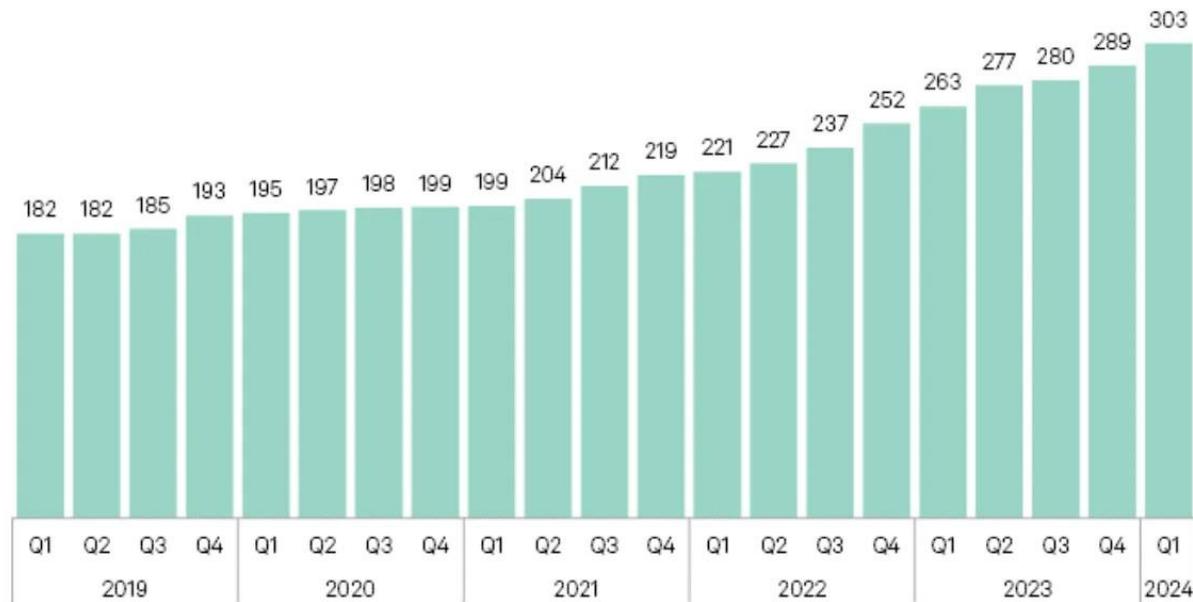
- The plant currently being constructed will be strategically located near multiple U.S. battery manufacturers, and will have favorable access to multiple U.S. brine resources.
- The company has secured up to \$257 million in incentives from the State of Oklahoma, and is in the process of securing federal grant and loan programs.
- We expect that the Muskogee plant will go online in 2026, and that Stardust Power will be shipping 25,000 tons of battery grade lithium per year starting in 2H'26, scaling up to 50,000 tons in 2027. Assuming that run rate, and given current lithium carbonate pricing in the range of \$23 - \$25K/ton, we are modeling Stardust Power's revenue to be \$75.9M in 2027 and \$483M in 2028, growing over 500% y/y on accelerating demand for domestically produced, battery-grade lithium.
- Additionally, we believe that the company can generate \$203M in EBITDA in 2028 after the Muskogee plant is fully operational, with EBITDA margins expanding to 42% in 2028.
- Our \$19 price target assumes a reasonable, peer-group average valuation of 3.3x on an EV/Revenue basis, discounting our 2028 YE revenue estimate to the current year using an annual discount rate/WACC of 15%. Our price target assumes full share conversion and a share count of 48 million shares.

Key Investment Considerations.

Demand for battery-grade lithium is exploding worldwide. Demand for lithium has seen a greater than 20x increase since the mainstream adoption of electric vehicles several years ago. The demand for lithium-powered electric vehicle (EV) batteries is anticipated to grow annually at a rate exceeding 22%, with the EV transport segment set to capture 93% of the market share by 2030.

The United States holds an estimated 3.6% of global lithium reserves, according to the U.S. Geological Survey. The bulk of the world's lithium production is in China, and the country makes up nearly 75% of the world's lithium-ion battery manufacturing capacity, as well as a portion of its lithium reserves. Other lithium reserves lie largely in Australia, Chile and Argentina.

Global quarterly lithium reserves and resources since 2019 (million metric tons)

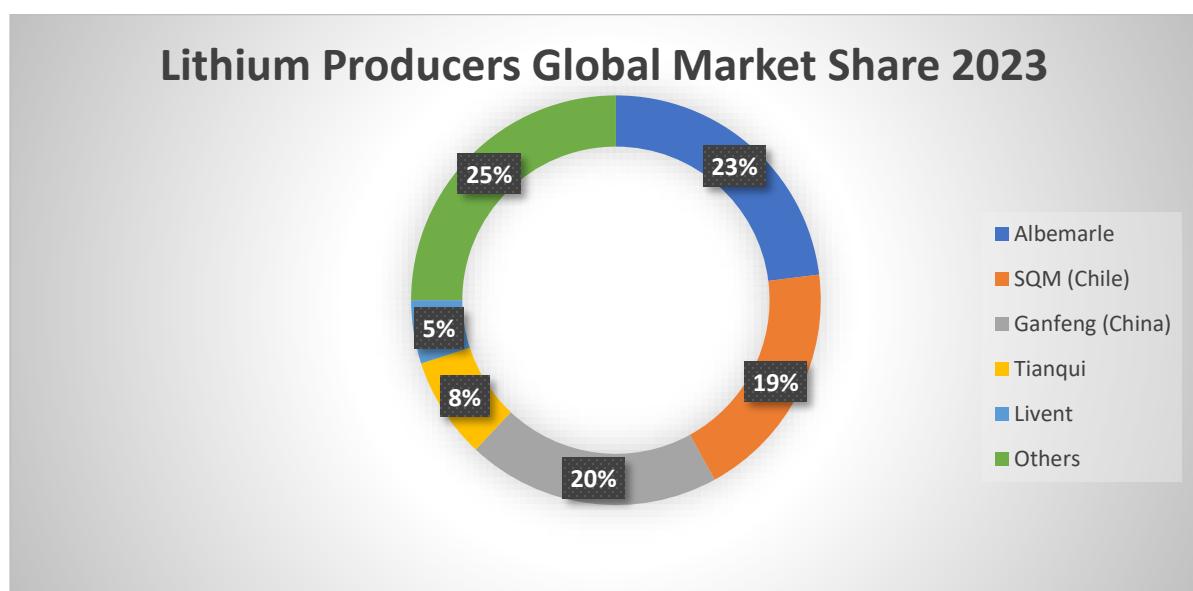


Data compiled April 18, 2024.

Source: S&P Global Market Intelligence.

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The top five lithium suppliers, controlling approximately 75% of the world's lithium output, are shown below. Some of them primarily extract the mineral while others are engaged in refining and production. Following is our estimated share of the market for each of the top five suppliers, by percentage of the total supply:



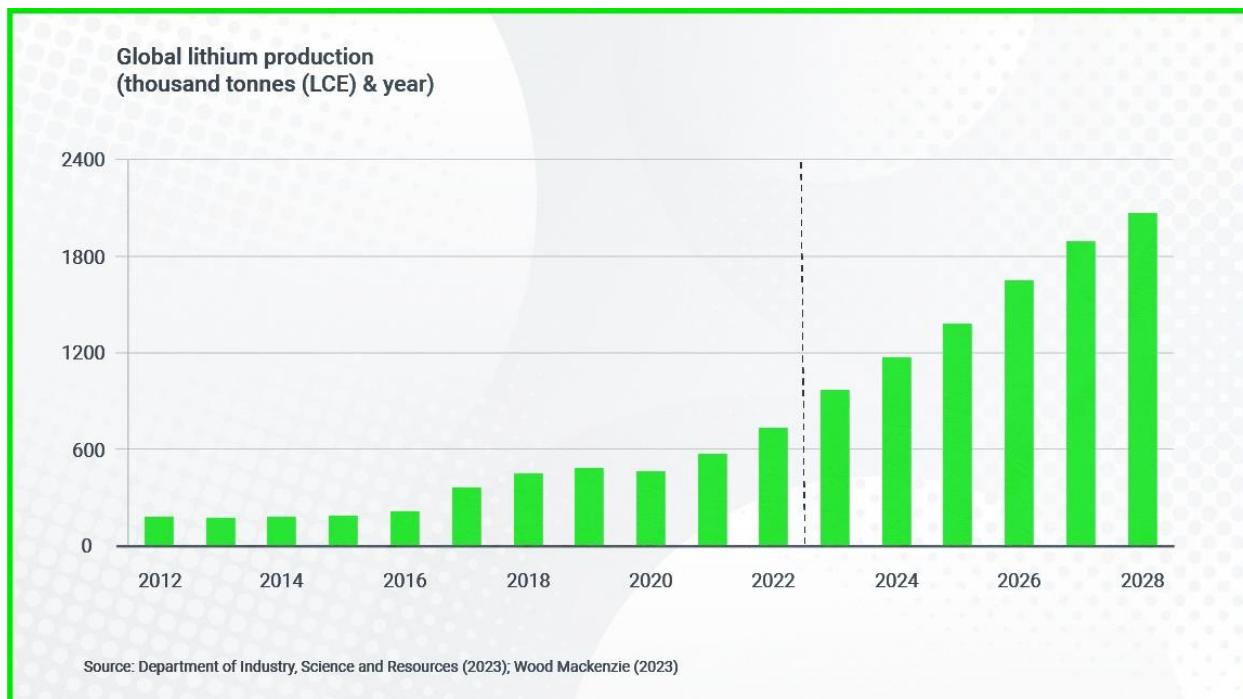
Source: Kingswood Capital Partners estimates.

Skyrocketing demand for lithium in the U.S. Lithium is one of the most important elements in the global transition to renewable energy – perhaps the most important element. The key ingredient in electric vehicle batteries, lithium is directly mined from the ground in various parts of the world, mostly outside the U.S., with a significant extraction industry developed in China. Lithium-based rechargeable batteries are used to power everything from smartphones to power grid storage systems. In the U.S., extraction of this essential element is done mostly from subterranean geothermal brine using specially engineered and constructed extraction plants. This method of environmentally-friendly lithium extraction, unlike old-fashioned “strip mining,” holds great promise in the U.S. – especially given that the by-products of domestic fracking constitute ideal raw materials for this process. However, the current clean brine extraction plant infrastructure remains largely undeveloped.

Stardust Power is set to address the U.S. lithium scarcity by developing a brine extraction ecosystem domestically. The company business strategy is running in lockstep with the Biden administration’s push to bolster lithium production in the U.S., in order to reduce the country’s reliance on foreign lithium supply and increase its energy independence. The *National Blueprint for Lithium Batteries 2021 – 2030*, developed by the Federal Consortium for Advanced Batteries, establishes a blueprint to increase investment in the lithium supply chain, from mining to processing and production.

The domestic lithium market remains under-developed relative to surging demand. The majority of the world’s lithium *production* today lies in China, whose government has had the foresight to invest in its development on a global scale. Ironically, in the 1990s the U.S. was the largest producer of lithium, accounting for over one third of the world’s lithium production in 1995. After that, Chile became the largest producer in the world in the Salar de Atacama (the third largest salt flat in the world) which holds one of the world’s richest lithium brine deposits.

Lithium’s global TAM growth continues to accelerate. Global lithium production reached 180,000 MT last year, up from 146,000 MT in 2022, according to the US Geological Survey. About 87 percent of the lithium produced currently goes toward battery production, but other industries also consume the metal. For example, 4 percent is used in ceramics and glass, while 2 percent goes to lubricating greases. The latest data from the US Geological Survey shows that the world’s top lithium-producing countries are Australia, Chile and China, with production reaching 86,000 MT, 44,000 MT and 33,000 MT, respectively.



The global playing field continues to shift. While Australia has long been a top-producer of lithium, China has quickly become not only the top lithium processing and refining country, but also a major miner as well. China was the third largest lithium-producing country in 2023 in mine production, behind Australia and Chile.

Chinese companies are mining in other countries as well, including top producer Australia, where some are now part of major lithium joint ventures. Australia's largest lithium mine, Greenbushes, is owned and operated by Talison Lithium, which is majority controlled by Tianqi Lithium Energy Australia, a joint venture between China's Tianqi Lithium and Australia's IGO. The remaining 49 percent stake in Talison is owned by U.S. operator Albemarle (NYSE: ALB).

In Chile, the country's lithium landscape is shifting as well: Following the announcement of its National Lithium Strategy in mid-2023, Chile's lithium projects going forward will be public-private partnerships.

Compelling TAM fundamentals. The lithium market is expected to grow significantly between 2023 and 2028 from the secular trend of transportation electrification. A consensus of various industry research and consulting organizations pegs the TAM growing at a CAGR of about 19 – 22% over the next decade. According to the Forever EV web blog, the increase in battery production and capacity will be even higher. That is because the kilowatt hour (KWh) battery capacity required per vehicle is likely to rise as well. Forever EV estimates the average vehicle battery capacity will increase by 3% per year over the next decade, allowing OEMs to fit larger capacity batteries to improve driving range. Thus far, fully electric variants have also tended to be of the smaller to mid-size models in an OEMs range, which were easier to electrify to meet emissions targets. But OEMs will increasingly be compelled to electrify most if not all of their fleets. The increase in the e-SUV globally and electric pickup truck segment in North America, for example, will likely increase battery sizes and thus battery demand.

This effectively means that the demand for EV battery capacity will continue to outpace supply over the next several years, as seen in the industry forecast below.

Lithium Battery Capacity Requirements Growth vs Demand, by Application:



Source: Forever EV

Clean energy mandates will likely steadily drive EV adoption. Due to the strict rules being imposed by governments worldwide that internal combustion engine automakers must comply with in order to reduce carbon dioxide emissions from automobiles, the electric vehicle market is estimated to increase significantly over the course of the projection period. This is expected to increase demand for lithium and related goods. Together with investments in this area, government subsidies for EVs are projected to serve as an additional catalyst for the market's expansion.

According to Bloomberg NEF's 2023 Long-Term Electric Vehicle Outlook ("BNEF EV 2023"), under the Economic Transition Scenario ("ETS")¹⁹, the EV adoption in global passenger vehicle sales may increase from 14% in 2022 to 30% by 2026. Additionally, the global fleet of passenger electric vehicles is expected to increase from 27 million in 2022 to approximately 107 million units in 2026, approximately 245 million units in 2030, and approximately 731 million units by 2040, representing a penetration rate of 7.6%, 16% and 46%, for the years 2026, 2030 and 2040, respectively, of all passenger vehicles on road.

Lithium pricing, falling from 2018 highs, has stabilized in 2021. Lithium prices peaked in 2018 and steadily declined y/y through 2021, as greater supply availability of mined and refined lithium outpaced demand from EVs at that time, and as mandates for eco-friendly lithium extraction have not yet developed. Going forward, we believe that lithium prices could potentially rise about 3-4% per year above 2018 levels, as continued demand growth for battery grade lithium compounds will apply greater demand-side pressure on prices.

Despite the recent price declines, the ongoing energy transition away from fossil fuels suggests continued rising demand for lithium-powered energy sources over the long term. S&P Global forecasts

stabilization in lithium carbonate prices within a range between \$20,000/mt and \$25,000/mt from 2024 to 2027:

Lithium mined supply, secondary supply and demand, 2020 – 2040, kt LCE



Source: S&P Global

China's Dominance in Lithium-ion Batteries and the Need for Domestic Sources in the United States.

Lithium-ion batteries have become the rechargeable battery of choice in cell phones, computers, electric vehicles, and large scale electric stationary storage systems. Global production capacity of lithium-ion batteries was approximately 2.8 terawatt hours per year ("TWh/yr") at the end of March 2023 and is forecasted to grow to approximately 6.5 terawatt hours ("TWh") in 2030, led by China, which is projected to have over half the market share, alongside North America and Europe, each projected to produce over 1 TWh of lithium-ion battery capacity, as per S&P Global Market Intelligence. There are significant regulatory and social tailwinds driving demand growth for electric vehicles and large-format energy storage. This, in turn, is driving significant demand for battery metals and precursor materials, including lithium.

Lithium-ion batteries are designed in a variety of form-factors and chemistries. Current cell-level form-factors utilized are primarily cylindrical, prismatic, and pouch geometries. The major lithium-ion cathode technologies are lithium nickel manganese cobalt oxide, lithium nickel cobalt aluminum oxide and lithium iron phosphate.

Stardust Power: Bringing Lithium Refining to America's Heartland

Stardust Power is a U.S.-based development stage battery grade lithium manufacturer, formed in 2022 with the goal of fostering clean energy independence for America. The Company is in the process of creating capacity to manufacture battery grade lithium products, primarily for the electric vehicle

market, by developing a large-scale lithium refinery in the USA. Stardust Power seeks to become a sustainable, cost-effective supplier of battery grade lithium products, by its innovative approach in the development of a large central refinery optimized for multiple lithium brine inputs in Oklahoma.

Stardust Power is positioning itself as a key player in the domestic supply chain for lithium, a critical material for battery production. By establishing one of the largest refineries of its kind in the United States, Stardust Power aims to enhance its competitive edge and market visibility. Its strategic location in Oklahoma, leveraging existing industrial and shipping infrastructure, further strengthens its market position.

Strong competitive differentiators. Unlike the hard rock lithium refineries of the other United States players in the industry, the Company's central refinery is being designed to be optimized for multiple lithium brine inputs. By utilizing a "hub and spoke" refinery model, the Company believes it can scale production more efficiently through sourcing feedstock from different sources. This provides a potential competitive advantage of minimizing the dependence on single assets. Further, in an innovative approach, Stardust Power is planning on developing Phase 1 in two stages. In stage 1, it plans to develop the back-end of the production line first to use technical grade and/or crude grade lithium carbonate for conversion to battery-grade lithium carbonate (BGLC), eliminating initial stages of refinement in the production line. In stage 2, the front-end of the plant (lithium chloride brine to technical grade lithium carbonate) will be constructed. We believe this approach has multiple advantages, one of which is entering the market as a fully-fledged battery grade manufacturer in an expedited fashion.

To achieve this, Stardust Power intends to source lithium brine feedstock from various suppliers, may make investments upstream to secure additional feedstock, and will seek to sell its products to EV manufacturers as its primary market, with potential applications in other areas including battery manufacturers, the U.S. military, and OEMs.

Key driving factors. Some of the key driving factors are the demand for battery grade lithium products, fueled largely by the demand and production of electric vehicles and automotive OEMs and battery manufacturers seeking domestic supply options. This is consistent with governmental incentives for American manufacturing and the evolving geopolitical climate which is creating a national security priority for the U.S. market.

In February 2023, Stardust Power LLC received an illustrative incentive analysis for up to \$257 million in performance-based incentives from the State of Oklahoma (covering Phase 1 and 2) and potential federal incentives, which also contained potential for further eligible federal grants. The state incentives were based on initial job creation, equipment procurement, training and recruitment incentives, property tax exemptions, sales tax exemptions, and capital expenditure projections submitted to the Oklahoma Department of Commerce in Q1.

Multiple raw material sources. Stardust Power's battery-grade lithium refinery will be designed and manufactured to foster lower carbon energy independence for the United States. The Company's central refinery will be optimized for multiple inputs of different types of lithium brine, including concentrated lithium brine, lithium chloride, or technical and crude grade lithium feedstocks. Once completed,

Stardust Power expects to secure multiple sources of feedstock from various lithium producers, with the facility becoming one of the largest lithium refineries in the United States. Stardust Power intends to enter into letters of intent and memoranda of understanding to avail itself of brine feedstock supply. Stardust Power's business strategy will depend on such agreements and its ability to source lithium brine.

Rechargeable battery production involves a unique supply chain. The global market for lithium is being driven primarily by the development and manufacturing of lithium-ion batteries. Battery material capacity and production is currently concentrated in Asia, particularly China, Japan and Korea. Over the next few years, significant cathode material capacity and production is expected to come online in Europe and North America while capacity and production in China, Japan, Korea also increases. The market for lithium compounds faces barriers to entry, including access to an adequate and stable supply of lithium feedstock, the need to produce sufficient quality and quantity, technical expertise and development lead time.

Components of the lithium supply chain. The battery supply chain can be separated into three segments: (1.) Upstream (mining and extraction of raw materials); (2.) midstream (processing of raw materials into battery-grade components), and; (3.) downstream (cell and pack manufacturing, as well as end-of-life recycling and reuse). The supply chains for the critical minerals in these batteries differ based on the geography of raw material production, although several countries produce the majority of supply for each critical mineral. Perhaps the most important choice is the selection of the cathode (battery) material, as this constitutes over half of the cost of a battery cell and largely determines the battery characteristics, such as energy density and charging speed.

Chemical refiners source battery-grade materials from suppliers to manufacture into battery components, including cathodes, anodes, electrolytes, and separators. The majority of global refining capacity is currently located in Asia. Battery manufacturers source components and assemble them into modules and packs, which are then sold to OEMs. Cell manufacturing is currently concentrated in China, with the country accounting for over 77% of global cell manufacturing capacity, as of 2022, and is estimated to be at 69% in 2027.

Each segment of the lithium-ion battery supply chain has seen disparate quantities of investment, with those variations further pronounced with specific geographies. While there is significant battery cell manufacturing and OEM manufacturing capacity in the United States, a small percentage of global battery materials -- particularly as they relate to EVs -- are sourced from inside the United States resulting in a severe domestic capacity imbalance. The global footprint of battery supply chains potentially creates risk in the security of the supply chain, and also drives up the cost of supply. This has resulted in numerous issues for industries reliant on lithium-ion batteries and has the potential to setback the adoption of EVs and renewable energy storage. As a result, Stardust Power intends to focus its business strategy on the United States' domestic production of refining lithium production locally, utilizing federal and state government incentives, in addition to public and private market investments.

Stardust Power's Competitive Landscape Today

The United States lithium refinery landscape is rapidly evolving, with significant developments underway to bolster domestic capabilities in lithium production, crucial for battery-grade materials used in EVs and other technologies.

Stardust Power expects capacity to be added by new and existing producers over time. Management believes that situating its lithium facility in Oklahoma, with a focus on sustainability accommodating the refining of different types of lithium feedstock, will provide the plant with a distinct competitive advantage against current and future entrants. Additionally, as the EV supply chain gradually shifts to Europe and North America, the midstream capabilities in the United States will position the Company strongly to partner with leading automakers for their regional electrification roadmaps. Following is a summary overview of recent competitive activity based on the current market and future expectations:

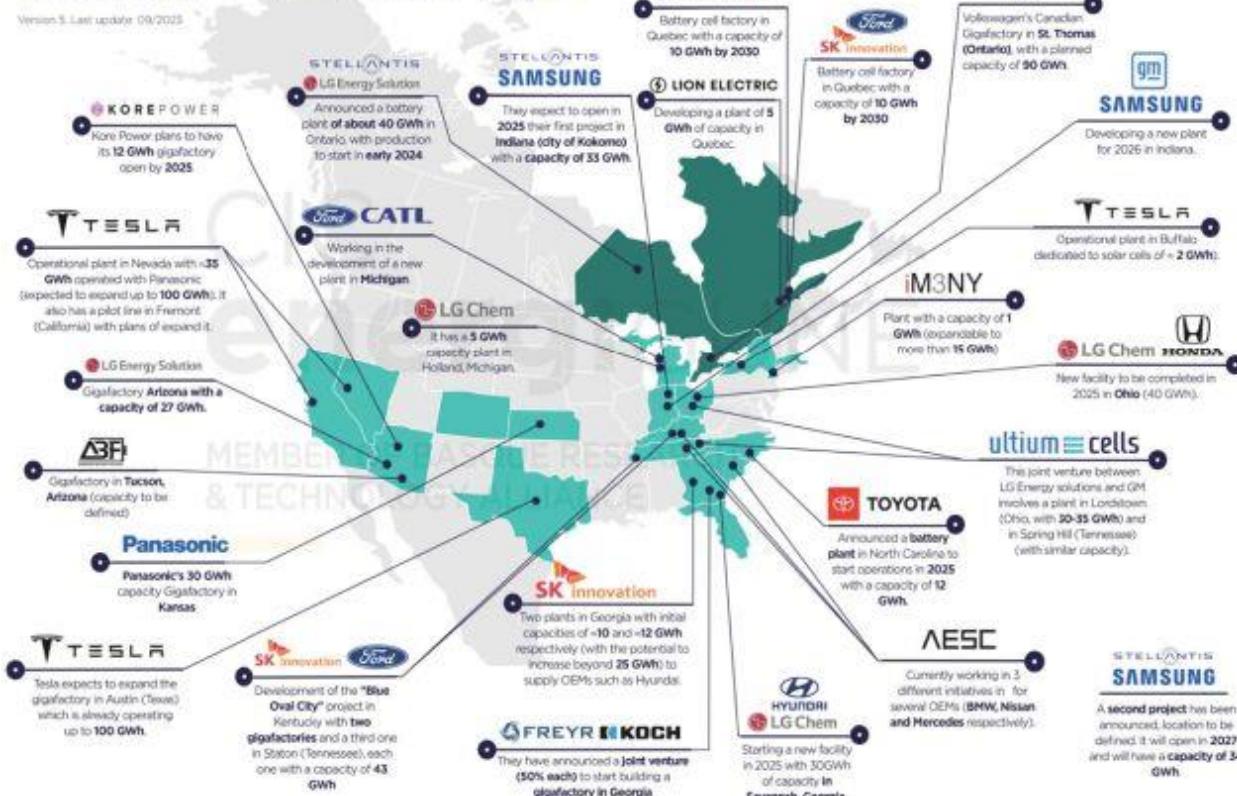
- 1. Stardust Power intends to build what it expects to be one of the largest battery-grade lithium refineries in the United States. The facility is expected to produce up to 50,000 tons per year once fully operational.**
- 2. Tesla has announced a project in Texas, establishing a refinery expected to support the production of 1 million EVs by 2025.**
- 3. Albemarle Corp. (NYSE: ALB), the leading lithium manufacturer in the U.S., has announced a \$1.3 billion investment in a new facility in South Carolina, capable of producing up to 100,000 tons of lithium hydroxide annually.**
- 4. Ioneer Ltd has announced it is advancing the Rhyolite Ridge Lithium-Boron Project in Nevada, with plans to significantly contribute to the United States lithium supply.**
- 5. Lithium Americas has announced that the Thacker Pass project by Lithium Americas in Humboldt County, Nevada, is targeting a substantial lithium carbonate production capacity. They have announced that the commencement of Phase 1 production is expected in the second half of 2026.**

The U.S. lithium refining sector is seeing increased activity, partly driven by government policies such as the Inflation Reduction Act, which incentivizes domestic production. New players like Stardust Power are entering the market, positioning themselves through strategic financing initiatives to fund their development. Existing firms like Albemarle are expanding their operations to capitalize on the growing demand for lithium, driven by the EV market expansion.

Competitive landscape: upstream and downstream. The competitive landscape for lithium production is both fragmented and confusing for some, given the industry's multiple stages of extraction and production. It is extremely important to note that the current lithium value chain is truly global, requiring lithium extracted in, say, Chile to be shipped to China for processing, only then to be shipped again to the United States. Currently, China dominates the lithium processing stage of the market but not the extraction stage, which remains distributed throughout the world, depending on the method of extraction. As geopolitical tensions continue to rise, governments recognizing the strategic importance of a stable lithium supply are beginning to invest in developing native supply chains. Also, creating native supply chains -- despite their initial start-up costs -- promises to reduce costs longer-term, with

international shipping and freight costs no longer part of the equation. Going forward, we expect the number and frequency of native lithium extraction, creating domestic sources of supply, to increase substantially. For example, in the United States, major mining companies like Albemarle Corp (NYSE: ALB) are ramping up their domestic lithium extraction activity, spelling more opportunities for processors like Stardust Power to process the mineral. There is a growing trend of strategic investments in securing future lithium supply, with major automakers and lithium producers committing significant funds to ensure access to raw materials for batteries. This trend is expected to continue as companies seek to mitigate supply chain risks and support the transition to sustainable transportation.

NORTH AMERICAN BATTERY INITIATIVES



Source: Stardust Power, Inc.

Stardust Power's multi-pronged business strategy.

We believe that Stardust Power's corporate strategy is both adaptive to changes in the economics of battery-grade lithium in the U.S. and also takes an end-to-end supply-chain view of the evolving marketplace:

- **Align business strategy with technology risk mitigation.** The Company's primary strategy is to mitigate technology risk within its refinery process. The Company's plan to develop the Oklahoma

facility involves executing a chemical conversion process using readily available technologies with existing track records, to minimize risks associated with technology adoption.

- **Engage with specialized partners.** The company has already engaged two specialized firms: (1.) Hatch Ltd., known for its expertise in the lithium industry, has been enlisted to provide a preliminary readiness assessment and a scoping study; (2.) Enercon Services Inc. has been tasked with conducting essential environmental studies necessary for building the plant.
- **Mitigate risk in upstream activities.** Stardust Power plans to address and minimize risks associated with emerging direct lithium extraction (DLE) technology by engaging suppliers and other partners with specialized knowledge in the DLE field.
- **Focus on integration and efficiency of the supply chain.** Stardust Power anticipates sourcing feedstock raw materials for its refinery from multiple suppliers. The company also seeks to vertically integrate its supply chain through investments, joint ventures, or strategic partnerships. By implementing a “hub and spoke” model for its refinery operations in centrally-located Oklahoma, Stardust Power aims to efficiently aggregate lithium feedstock supplies, enhancing production and capacity scalability.

A value chain approach. Stardust Power is targeting its business to deliver value with a strong focus on the *midstream refinement process* and an intention to minimize risk in its business model by partnering with experts across the value chain. The Company seeks to be an adaptive mid-stage player, with upstream and downstream integration in the future, in partnership with industry partners. The central refinery is being designed to be optimized for multiple lithium brine inputs. By utilizing a “hub and spoke” refinery model, the Company believes it can scale production more efficiently through sourcing feedstock from different sources, thus limiting the risk of dependence on a single type of feedstock. It also differentiates Stardust Power from other lithium refineries which are in the process of being constructed in the United States. The Company’s strategy is to rely on multiple sources, including feedstock from produced water, geothermal brines, and salt flats. Additionally, Stardust is also able to intake technical or crude grade lithium for its conversion process.



Source: Stardust Power, Inc.

The Port Muskogee, Oklahoma Plant Construction

On January 10, 2024 Stardust Power and the city of Muskogee entered into a Purchase and Sale Agreement (PSA) to purchase the site in Southside Industrial Park, Muskogee, Oklahoma in Port Muskogee for a total of \$1,662,030. Upon closing of the PSA, Stardust Power and City will enter into a Development Agreement which calls for the Company to commence the construction of the facilities

within twelve months from the agreement effective date, and diligently proceed to completion without unreasonable delays.

The agreement further calls for the City to help Stardust Power in its development of its lithium refinery, and to facilitate discussions between Stardust and the Muskogee City-County Port Authority (the “Authority”) regarding the use of the Port Muskogee, including barge, rail storage and truck capabilities to access and transport goods and supplies to and from the Facility at Port Muskogee. Port Muskogee will also assist Stardust with incentives, grants and other funding opportunities to improve access to the facility.

Closing of the PSA transaction is expected to take place prior to December 31, 2024; however, Stardust has the right to extend the closing date for two three-month extensions, provided that the company pays the City \$33,333 for each extension. Any extension payment made by the company will be applied against the purchase price at closing.

We believe that the building site that Stardust Power secured at Southside Industrial Park within Port Muskogee, Oklahoma is an ideal location for the plant. The geographic location of Oklahoma is advantageous from a supply and offtake perspective. Oklahoma is a legacy energy producer and has favorable industrial regulations. Port Muskogee has been designated by the United States’ Customs and Border Protection as a Foreign Trade Zone, which reduces costs and increases potential operating income, providing port industries a competitive advantage in meeting global supply chain demands. Port Muskogee is dedicated to investing in its community and announced a \$58 million investment in infrastructure improvements in January 2023. Stardust Power anticipates these improvements could increase its operational efficiency, improve resiliency to weather events, and support continuous growth with increased multi-modal throughout the terminal area.

Port Muskogee has robust workforce and education systems in place, with 24 post-secondary institutions within 60 miles (including four post-secondary institutions within Muskogee County). The Muskogee Center for Workforce Excellence focuses on manufacturing by deploying resources, leveraging existing programs, and aligning with local and regional employment demand. The state has a highly skilled workforce in the adjacent oil and gas engineering sector.

Valuation

- As an early development-stage company, we do not expect Stardust Power to generate any meaningful revenue until at least 2026, when the plant is built. Assuming that the Muskogee, Oklahoma plant construction commences in 2H 2024 and continues through 2025, we anticipate that the plant will be Phase 1 operational in the middle of 2026 and generating lithium processing revenue that year. We further assume that a normalized Phase 1 revenue run rate will be established by the end of 2026, and that quarterly revenue will begin to grow sequentially in 2027 with a corresponding normalization and improvement in EBITDA margin. Our earnings model in this report presents what we believe is a conservative and achievable scenario to that end.

- While no perfect comparable public-company comparisons exist for Stardust Power, we believe that using valuation benchmarks from a mix of lithium extraction and processing companies gives us a starting point in assessing appropriate relative valuation multiples. That said, we believe that the comp group shown on page 18 below can be used when assessing the Stardust Power investment opportunity and our \$19 price target on shares. Our \$19 price target assumes a reasonable, peer-group average valuation of 3.3x on an EV/Revenue basis, discounting our 2027 YE revenue estimate to the current year using an annual discount rate/WACC of 15%. Our price target assumes full share conversion and a share count of 48 million shares.

Management

Roshan Pujari, Chairman and CEO. Mr. Pujari co-founded Stardust Power and has served as its Chief Executive Officer since the Company's inception in March 2023, and Stardust Power LLC in December 2022. In his role as Chief Executive Officer of Stardust Power, he is responsible for developing and executing strategy, operations, key hires, and financing. Mr. Pujari is a highly seasoned chief executive officer. Mr. Pujari has over 20 years of experience in investments and transactions, and has demonstrated expertise and deep domain knowledge in new company formation and fund raising. Prior to co-founding Stardust Power, Mr. Pujari founded VIKASA Capital LLC in 2012, and then organized as VIKASA Capital Inc. in 2021, as a diversified investment firm investing into global markets and clean energy. Mr. Pujari led the firm's clean energy practice where he developed a deep understanding of lithium. Mr. Pujari has served on numerous philanthropic boards including Allied Arts, Hall Center for Mind, Body, and Spirit, and served as a Governor's appointee to the Oklahoma Arts Council. He served as trustee for the Heritage Hall School from 2017 to 2021. Mr. Pujari attended the University of Redlands in California, where he majored in both History and Government, and was in the honor society in both majors.

Pablo Cortegoso, CTO. Mr. Cortegoso co-founded Stardust Power and has served in the role of Chief Technical Officer at Stardust Power since February 2024. In this capacity, he is responsible for all operations aspects of exploration, mining, extraction and production. Mr. Cortegoso has over 13 years of experience in civil and mining projects, specializing in lithium projects. His skills include the development of hydrogeological field programs, with an emphasis on lithium brine deposits, including well designs, packer testing, aquifer tests, brine standards preparation, sampling protocols and drilling oversight. His expertise includes solar pond evaporation design, modeling and operation for lithium and potassium brine projects. Mr. Cortegoso has been serving as an industry consultant since April 2023. Prior to co-founding Stardust Power, Mr. Cortegoso served at Aurora Lithium (Galp/Northvolt), as Vice President, Sourcing, in Lisbon, Portugal from April 2022 to March 2023. Prior to that, he served at SRK Consulting (U.S.), Inc., in various positions including as Senior Consultant from January 2018 to February 2022, and as Consultant from September 2010 to December 2017. Prior to that he served at Trine University as Graduate Researcher and Teaching Assistant, Angola, IN, from August 2009 to May 2010. Mr. Cortegoso earned his master's degree in civil engineering from Trine University, Angola, and an undergraduate degree also in civil engineering from the Universidad Nacional de Cuyo in Argentina.

Uday Devasper, CFO. Mr. Devasper is currently the Chief Financial Officer of Stardust Power and has served in the same position since December 2023. Mr. Devasper is responsible for leading and

developing the finance and accounting function, and assists the Chief Executive Officer in executing strategy, operations, key hires, and financing functions. He has over 20 years of experience in finance and accounting, and has demonstrated expertise and deep domain knowledge in leading projects and assisting companies through multiple transactions. Mr. Devasper's skills include building and managing large teams, operational and technical accounting expertise in key accounting areas such as revenues, mergers and acquisitions, as well as end to end project management for de-SPAC and IPO transactions. Prior to joining Stardust Power, Mr. Devasper was part of the initial founding team as a partner at Effectus Group, LLC, a boutique national accounting advisory firm, where he was involved in developing the business, hiring and resource management, as well as leading the nationwide Technology practice (which included the clean energy industry) for all technical accounting and strategic projects, from October 2014 to September 2022. Prior to his term at Effectus, Mr. Devasper served as a Director, Technical Accounting at Echelon Corporation (which has since acquired by Dialog Semiconductor) from July 2012 to August 2014, and as a Senior Manager, Technical Accounting at Synopsys, Inc., from March 2011 to July 2012, both industry roles. Mr. Devasper is a licensed CPA in California, and a licensed Chartered Accountant from the Institute of Chartered Accountants of India. He earned his Bachelor's degree in Commerce from the Mumbai University in India.

Catalyst Roadmap

We anticipate that the following potential catalyst scenarios over the next 12-18 months may have a material impact on the share price:

Strategic supply agreements with electric vehicle automakers. With demand for locally-produced and refined lithium likely to continue to grow, the likelihood of a strategic supply agreement with an electric vehicle manufacturer, guaranteeing a minimum amount of supply in future periods, is significant.

Shifting regulatory frameworks mandating local production of battery-grade lithium. The current dependency of the U.S. supply chain on foreign-produced (most notably China-produced) lithium is potentially likely to be addressed at the federal regulatory level, which could generate significant incremental demand for domestically-produced lithium products. As current geopolitical vectors continue to realign, we see producers like Stardust Power, operating a strategically-located production infrastructure, likely to benefit substantially from these policy shifts.

Any unexpected spikes in overseas shipping costs and/or supply-chain disruptions. With the current global supply-chain arrangements increasingly prone to geopolitical and energy-related risks, the impetus for securing a stable, strategic supply of lithium from local producers as an alternative to globally-sourced lithium is likely to impact Stardust Power's share price favorably.

Risk Factors

Stardust Power, Inc. faces the following operational and execution risks, and the list is not limited to these factors:

A very limited history of execution. Stardust Power, a newly formed company, was incorporated in 2023 and has yet to construct its processing facility) and commence production. As a result, the company has a limited operating history upon which to evaluate its business and future prospects, and is thus subject to a number of risks and uncertainties, including its ability to plan for and predict future growth.

Competitive and market risks. Stardust may encounter risks and difficulties experienced by growing companies in rapidly developing and changing industries, including challenges related to achieving market acceptance of its products, competing against companies with greater financial and technical resources, and competing against entrenched incumbent competitors that have long-standing relationships with prospective customers in the battery grade lithium market, as well as recruiting and retaining qualified employees, and making use of its limited resources.

No operational track record. As a newly incorporated, development-stage company, Stardust has yet to start the purification of lithium brine to produce battery-grade lithium, and is not likely to generate revenue in its initial years of operations. Also, management cannot assure investors that it will ever realize any profits. Potential future profitability will be dependent upon an economic method of extracting the required brine by its partners, whether directly or as byproducts of the oil and gas industry, and from further exploration and development of other economic sources of brine. Further, Stardust cannot assure investors that any exploration and extraction programs will result in profitable, commercially viable extraction, purification and production operations.

Industry factors can adversely impact company operations. Stardust's level of profitability, if any, in future years will depend to a great degree on lithium prices and whether the company can purchase brine at a price that is economically feasible to produce battery grade lithium. Exploration and development of lithium resources are highly speculative in nature, and it is impossible to ensure that any of the company's suppliers will establish reserves.

Low-cost producers could disrupt the market. Competing lithium producers, especially in foreign jurisdictions including but not limited to China, Argentina, Chile and Australia, could use processes that might produce lower-cost lithium, which could impact the market in general, and adversely impact the sales of the company.

Dependency upon key management employees. The responsibility of overseeing the day-to-day operations and the strategic management of the business depends substantially on senior management and key personnel. Loss of any such personnel may have an adverse effect on the company's performance.

Environmental compliance and potential liability. Stardust's business is governed by various foreign, federal, state and local environmental protection and health and safety laws and regulations and permits



issued under these laws by foreign, federal, state and local environmental and health and safety regulatory agencies. If the company violates or fails to comply with these laws, regulations or permits, it could be subject to administrative or civil fines or penalties or other sanctions by regulators and it can also be subject to lawsuits, civil or criminal, seeking enforcement, injunctive relief and/or other damages.

Stardust Power, Inc.

GAAP Basis, except where noted

Fiscal Year Ends December 31
(\$ in thousands, except per share data)

	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
	CY24E	CY25E	CY26E	CY27E	CY28E
Total Revenue	\$ -	\$ 3,000	\$ 10,400	\$ 75,900	\$ 483,000
Cost of Revenue	0	2,100	6,740	39,160	246,330
Gross Profit	0	900	3,660	36,740	236,670
<i>Gross Margin</i>	0.0%	30.0%	35.2%	48.4%	49.0%
Operating Expenses:					
SG&A	3,077	3,280	4,282	14,157	77,280
<i>% of Total Revenue</i>	<i>0.0%</i>	<i>109.3%</i>	<i>41.2%</i>	<i>18.7%</i>	<i>16.0%</i>
Depreciation & Amortization	0	0	0	43,333	43,333
<i>% of Total Revenue</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>57.1%</i>	<i>9.0%</i>
Other Expenses	600	600	680	910	1,100
<i>% of Total Revenue</i>	<i>0.0%</i>	<i>20.0%</i>	<i>6.5%</i>	<i>1.2%</i>	<i>0.2%</i>
Other Non-Cash Expenses	220	232		354	600
<i>% of Total Revenue</i>	<i>0.0%</i>	<i>7.7%</i>	0	<i>0.5%</i>	<i>0.1%</i>
EBITDA	(3,677)	(2,980)	(1,302)	21,673	203,323
<i>EBITDA Margin (%)</i>	<i>0.0%</i>	<i>-99.3%</i>	<i>-12.5%</i>	<i>28.6%</i>	<i>42.1%</i>
Operating Income	(3,897)	(3,211)	(622)	(22,014)	159,390
<i>Operating Margin</i>	<i>0.00%</i>	<i>-107.05%</i>	<i>-5.98%</i>	<i>-29.00%</i>	<i>33.00%</i>
Other Expense, Net:					
Interest Income/Expense, net	(8)	(8)	(8)	(17)	(15)
Pretax Income	(3,905)	(3,219)	(630)	(22,031)	159,375
Provision for income taxes	0	0	0	0	0
<i>Effective Tax Rate</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Net Income (GAAP)	(3,905)	(3,219)	(630)	(22,031)	159,375
Shares outstanding - diluted (000)	48,000	48,025	48,275	48,725	49,000
EPS	(\$0.08)	(\$0.07)	(\$0.03)	(\$0.45)	\$3.25

Source: Kingswood Capital Partners
estimates.

Estimated 2028 Total Revenue (000):	\$ 483,000
Discounted 2028 Estimated Revenue, 2024:	\$276,157
Estimated Discount Rate/WACC:	15.00%
Time Periods (annual):	4
Target EV/Rev. multiple (peer group avg.)	3.3x
Target valuation, 2024:	\$911,317
PRICE TARGET/SHARE:	\$ 18.99
(assuming full shares redemption, 48M shares):	

Source: Kingswood Capital Partners estimates.

Comparable Lithium Mining and Processing Companies					
	Name	Ticker	Price*	Mkt. Cap. (B)	EV/Sales
1	Albemarle Corp.	ALB	\$ 100.28	\$ 10.90	1.7x
2	Sociedad Quimica y Minera de Chile	SQM	\$ 42.77	\$ 11.49	2.2x
3	Mineral Resources Ltd.	MALRY	\$ 37.07	\$ 7.29	2.9x
4	Arcadium Lithium PLC	ALTM	\$ 3.58	\$ 3.43	3.9x
5	Ganfeng Lithium Grp.	GNENF	\$ 2.11	\$ 7.10	2.4x
6	Pilbara Minerals Ltd.	PILBF	\$ 2.15	\$ 6.31	2.7x
7	Sigma Lithium Corp.	SGML	\$ 12.19	\$ 1.35	8.5x
8	Piedmont Lithium, Inc.	PLL	\$ 9.91	\$ 180.3M	1.9x
	Average				3.3x
*Close price, June 26, 2024					

Source: Yahoo Finance



DISCLOSURES

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Buy - Buy-rated stocks are expected to have a total return of at least 15% over the following 12 months and are the most attractive stocks in the sector coverage area.

Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

Sell - Sell-rated stocks are expected to have a negative total return of at least 15% over the following 12 months and are the least attractive stocks in the sector coverage area.

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Company-Specific Disclosures

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Kingswood Capital Partners, LLC					
Investment Banking					
Services/Past 12 Months					
Rating	Count	Percent	Count	Percent	
BUY	2	100.00	2	100.00	
HOLD	0	0.00	0	0.00	
SELL	0	0.00	0	0.00	

As of June 2024.

Kingswood Investments, a division of Kingswood Capital Partners, has an investment banking advisory relationship with Stardust Power, Inc. Kingswood received compensation from Stardust Power, Inc. for sponsored research services during 2024.

Stardust Power Rating History as of June 27, 2024



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