

## Risk Factors Comparison 2025-02-25 to 2024-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Risks Related to Our Business and Operations • the level of activity in the oil and natural gas industries; • the cyclical nature of our customers' businesses and the oil and natural gas industry; • decreased demand for proppant, the development of technically- and cost- effective alternative proppants or new processes to replace hydraulic fracturing; • our ability to succeed in competitive markets and on our ability to appropriately react to market fluctuations including price volatility; • increasing costs, lack of dependability or availability, or an oversupply of transportation services or infrastructure; • operational hazards and inherent risks; • potential inability to acquire adequate supplies of water for our dredging operations; • failure to maintain effective quality control systems at our mining and production facilities; • environmental and industrial accidents and operational breakdowns; • the complex and challenging nature ~~of the development~~ of the Dune Express; • increased attention to ESG and conservation matters; • loss of or inability to attract and retain members of our workforce; • a shortage of skilled labor or rising labor costs in the excavation industry; • inaccuracies in our estimates of sand reserves and resource deposits, or deficiencies in our title to those deposits; • adverse developments at any of our three production facilities; • an increase in the price or a significant interruption in the supply of natural gas and electricity or any other energy sources necessary to our continued operations; • the loss of or a significant reduction in purchases by our largest customers; • our and our customers' ability to obtain and maintain necessary permits; • our inability to take advantage of increasing prices for proppant due to the terms of our supply agreements; • our inability to meet our minimum proppant delivery requirements under our supply agreements; • our operational concentration in the Permian Basin; • complexities involved in the software and technology systems that need to be developed in connection with our autonomous trucking initiative; • undetected defects, errors or bugs in the hardware or software related to our autonomous driving technology, when deployed; • unauthorized control or manipulation of the systems in our autonomous proppant- delivery vehicles; • natural disasters and unusual weather conditions; • failure of any acquisitions, dispositions and investments to result in the anticipated benefits; • **the material weakness in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements and cause us to fail to meet our reporting obligations;** Risks Related to Our Financial Condition • the impact of our indebtedness on our financial flexibility and our competitive position ; • ~~our ability to service all of our indebtedness and financial commitments~~; • the inability to obtain needed capital or financing, on satisfactory terms, or at all; Risks Related to Our Organizational Structure and Ownership of Our Common Stock • our potential future reduction or suspension of our dividend; • ~~volatility in impact of future sales~~ ~~our~~ ~~or the perception of future sales of our Common stock~~ ~~Stock prices and trading volumes~~; • the Principal Stockholders' ability to direct the voting of a significant proportion of the Common Stock; • the loss of anticipated net cash tax savings as a result of the Up- C Simplification; • our ~~status as an "emerging growth company"~~; • our potential inability to offer equity consideration in acquisitive transactions on a tax- deferred basis; • public and investor sentiment towards climate change, fossil fuels and other ESG matters; Risks Related to Environmental, Mining and Other Regulations • silica- related health issues and related regulation, litigation and legislation; • legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation; • environmental and natural resources regulations that impose risks of significant costs and liabilities; • risks related to climate change, including regulatory, political, litigation and financial risks; • operational restrictions intended to protect certain species of wildlife; • restrictions on oil and natural gas development on federal lands; • regulations that impose stringent occupational health and safety standards on our operations; • risks related to obtaining, maintaining, and complying with permits necessary for the operation of our business. Risks Related to the **Moser Acquisition** ~~Hi-Crush Transaction~~ • ~~the number of conditions and approvals which may delay or our reduce~~ ~~inability to integrate the business~~ anticipated benefit of **Moser successfully; • potential lawsuits** the Hi-Crush Transaction, result in **connection with** additional expenditures of money and resources, or result in termination of the Merger Agreement **Moser Acquisition**; • risks related to the anticipated benefits and **expectations** synergies expected to result from the **Moser Acquisition** Hi-Crush Transaction; • risks related ~~our ability~~ to **succeed in a new line of** business uncertainties while the Hi-Crush Transaction is pending; • risks related to the market price for our Common Stock following ~~announcement of the~~ **closing of Hi-Crush Transaction**; • the potential **Moser Acquisition**; • **dependency on relationships with key suppliers**; • **our ability to succeed in long sales cycles**; • risks related to our customers power system needs; • **dependency on few customers** for securities class action and derivative lawsuits as a result **significant portion** of the Hi-Crush Transaction; and • the diluted percentage ownership of our current stockholders following completion of **power solutions revenues**; and • **changes in** the Hi-Crush Transaction **availability of grid power**. PART I Item 1. Business. Overview **Atlas Energy Solutions Inc. is a leading proppant producer, logistics, and distributed power solutions provider, primarily serving the Permian Basin of West Texas and New Mexico. We operate 14 proppant production facilities across the Permian Basin including both large- scale in- basin facilities and smaller distributed mining units. We manage a portfolio of leading- edge logistics assets, which includes our 42- mile Dune Express conveyor system (the only proppant conveyor system in the world, and the longest conveyor in the United States). In addition, we manage a fleet of over 120 trucks, including early autonomous delivery systems, which are capable of delivering expanded payloads due to our custom- manufactured trailers and patented drop- depot process. Our approach to managing proppant production, logistics, and distributed power solutions operations is intently focused on leveraging technology, automation, and remote operations to drive efficiencies. We are a low- cost producer of various high- quality, locally sourced proppants used during the well completion process. We offer both dry and damp sand and carry various mesh sizes including 100 mesh and 40 / 70 mesh sand used as a proppant during the well**

completion process. Proppant is a key component necessary to facilitate the recovery of hydrocarbons from oil and natural gas wells. **Our** One hundred percent of our sand reserves are located in Winkler and Ward Counties, Texas, within the Permian Basin, and our operations consist of proppant production and processing facilities, including two facilities near Kermit, Texas and a third facility near Monahans, Texas. As of December 31, 2023, our Kermit and Monahans facilities have a total combined annual production capacity of 16.5 million tons. We also operate a logistics platform that is designed to increase the efficiency, safety, and sustainability of the oil and natural gas industry within the Permian Basin, which is increasingly a differentiating factor affecting customer choice among proppant suppliers. The cost This includes our fleet of delivering sand, even short distances, can be a significant component of customer spending on well completions given the substantial volumes that are utilized in modern well designs. In addition to our plant automation and our Dune Express proppant delivery system, we are also integrating autonomous driving technologies in certain of our fit- for- purpose trucks and trailers and will include the Dune Express, creating the first semi- autonomous oilfield logistics network to increase the automation of the oil an- and overland conveyor- gas proppant supply chain. Our investments in these leading- edge technologies, including autonomous trucking, digital infrastructure solution currently under construction. On March 13, 2023, Old Atlas completed its initial public offering of 18,000,000 shares of Old Atlas Class A Common Stock at a price of \$ 18.00 per share. The IPO generated \$ 324.0 million of gross proceeds and net proceeds of approximately \$ 291.2 million, after deducting underwriter discounts and commissions and estimated offering costs. In connection with the IPO, pursuant to a master reorganization agreement dated March 8, 2023, by and among Old Atlas, ASMC, Atlas LLC, Holdings, Atlas Operating, Holdings II, ASMC II, and Atlas Sand- and Merger Sub artificial intelligence, LLC not only drive efficiencies in our operations to the benefit of our customers, but a Delaware limited liability company, Old Atlas and the they also deliver beneficial environmental parties thereto completed certain restructuring transactions. As a result of these restructuring transactions, Atlas Operating became the wholly- owned operating subsidiary of Old Atlas, Atlas LLC became a wholly- owned subsidiary of Atlas Operating, and community impacts. We believe Atlas LLC continued to own all of the Company is uniquely positioned to automate and modernize the Permian Basin ' s proppant and logistics infrastructure, making the basin a more efficient energy factory, and a better and cleaner place to live and work. We also provide distributed power solutions through a fleet of more than 900 natural gas- powered reciprocating generators, with approximately 212 megawatts of existing power generation primarily supporting production and artificial lift operating- operations assets across all major United States resource basins. On October 2 Our generators are designed for heavy- duty, 2023, Old Atlas harsh environments for mission critical power needs. Our in- house manufacturing and remanufacturing capabilities, coupled with critical in- field service, provide quality control and standardization across the fleet with the goal of providing market- leading uptime. Our mission is to improve human beings' access to the hydrocarbons that power our lives, and, by doing so, we maximize the value creation for our stockholders. Value creation for our shareholders is our fundamental goal. In order to fulfill our mission and create value for our shareholders, we strive to optimize the outcomes for our broader stakeholders, including our employees and the communities in which we operate. We are proud of the fact that our approach to innovation in the hydrocarbon industry drives efficiencies creating value for our shareholders, while also delivering differentiated social and environmental progress. The Company completed the Up- has driven innovation designed to provide industry - C Simplification leading environmental benefits by reducing energy consumption, emissions, and our aerial footprint. We call this Sustainable Environmental and Social Progress, and it is driven by shareholder value creation. We were founded in 2017 by Ben M." Bud" Brigham, our Executive Chairman, and are led by an entrepreneurial team with a history of constructive disruption bringing significant and complementary experience to this enterprise, including the perspective of longtime E & P operators, which provides for an elevated understanding of the end users of our products and services. Our executive management team has a proven track record with a history of generating positive returns and value creation. Our experience as contemplated E & P operators was instrumental to our understanding of the opportunity created by the Master Reorganization Agreement in - basin order to, among other things, reorganize under a new public holding company and sand eliminate Old Atlas' production and supply in the Permian Basin, which we view as North America' s premier shale resource and which we believe will remain its most active through economic cycles. Assets and Operations Our Kermit facilities, Monahans facility, and OnCore distributed mining network are located in West Texas. The Kermit facilities consist of the two internally developed Kermit facilities ( " up- C K1 / K2 " ) and the dual- class stock structure. Pursuant to two facilities acquired in the Master Reorganization Agreement, Hi- Crush Transaction ( a- " K115 / 874 " ) PubCo Merger Sub merged with and into Old Atlas, as a result of which (i) each share of Old Atlas Class A Common Stock then issued and outstanding was exchanged for one share of Common Stock of the Company, (ii) all of the shares of Old Atlas Class B Common Stock then issued and outstanding were surrendered and cancelled for no consideration and (iii) Old Atlas survived the PubCo Merger as a direct, wholly- owned subsidiary of the Company; and (b) Opeo Merger Sub merged with and into Atlas Operating, as a result of which (i) each Operating Unit then issued and outstanding, other than those Operating Units held by Old Atlas, was exchanged for one share of Common Stock of the Company and (ii) Atlas Operating became a wholly- owned subsidiary of the Company. The After completion of the Up- C Simplification, the Company replaced Old Atlas as the publicly held entity and, through its subsidiaries, conducts all of the operations previously conducted by Old Atlas, and Old Atlas remains the managing member of Atlas Operating. Assets and Operations We developed our Kermit and Monahans facilities and OnCore distributed mining network encompass 45 as in- basin proppant mines on approximately 38, 000 surface 855 gross acres in the aggregate that we own or lease in Winkler and Ward Counties, Texas. We control 14, 575 acres of large open- dune reserves and resources, which represent more than 70 % of the total giant open dune acreage in the Winkler Sand Trend available for sand mining. The Monahans Dune consists of approximately 8, 750 acres of premium open- dune reserves. Additionally, we have substantial off- dune acreage at Monahans that is not included in our estimated reserves or resources but that could be mined following our

removal of material, such as soil and unusable sand, that lies above the useable sand and must be removed to excavate the useable sand, which we refer to as “overburden.” The **Kermit Dunes- Dune Express** consists of approximately 5,826 acres of premium open-dune reserves. Significant Innovation Projects Second Kermit Facility At the start of 2023, we had one Kermit facility and one Monahans facility, each of which was **completed** capable of producing 5.5 million tons of proppant annually. In response to the increase in market demand, and also in connection with the expansion of our logistics offering, we expanded our Kermit production capacity in 2023 by adding a new facility with 5.5 million tons of annual production capacity, for a combined total production capacity of 16.5 million tons annually as of December 31, 2023 **2024**. The Dune Express Electric Conveyor System The Dune Express, which will originate **originates** at our Kermit facilities and stretch **stretches** into the middle of the Northern Delaware Basin, **is** will be the first long-haul proppant conveyor system in the world. **The** Upon completion, we expect the Dune Express **is** to be 42 miles in length, capable of transporting 13 million tons of proppant annually and to have approximately 85, **and is** 000 tons of dry storage within the system. This conveyor system will be strategically located to deliver proppant to the **Northern** producing region of the Delaware Basin. We expect the Dune Express to lower **legacy** transportation **cost requirements** and increase safety by removing trucks from public roadways, thus reducing traffic, accidents and fatalities on public roadways in the region. We **plan to install** **installed** two permanent loadout facilities, **one located on** near the middle of the conveyor system close to the Texas side of the Texas- New Mexico state line **approximately at the midpoint of the conveyor** and **one located** at the end of the Dune Express right-of-way on BLM land near the Lea- Eddy County line in New Mexico. The conveyor system will also **utilize** **utilizes** one or more “mobile” loadouts **offload systems**, which can be mobilized and relocated from time to time, to maximize delivery efficiencies **particularly** for **customers** operators pursuing a concentrated development plan in the area that is **are** proximate to the conveyor system but not proximate to one of the two permanent loadouts connected to the system. As of December 31, 2023, 90% of equipment and materials and 80% of installation services for construction of the Dune Express have been ordered and contracted. Additionally, we have cleared, graded and laid caliche on the vast majority of the right-of-way and have taken delivery of approximately 150 conveyor belt sections, equivalent to approximately 57 miles of total conveyor belt and over 100 miles of fiberoptic cable. The Dune Express is expected to be in service during the fourth quarter of 2024. Wellsite Delivery Assets Our existing logistics business utilizes third-party transportation contractors which we currently supplement with our own trucks and trailers. As of February 27, 2024, we added 120 trucks and 323 trailers to our fit-for-purpose trucking fleet, which we expect will improve our productivity, as measured by tons per truck that can be delivered daily, compared to the throughput performance of traditional trucking assets. Map of Operations The following map shows the locations of our Kermit **and facilities**, Monahans facilities **facility** in Winkler and Ward Counties, **and the OnCore distributed mining network in West** Texas, as well as the Dune Express route **based on secured rights-of-ways and federal permits**, alongside a recent snapshot of the rig count in the Permian Basin as of December 31, 2023 **2024**: Source: Enverus, Baker Hughes. Our **The** Kermit **facilities** and **the** Monahans facilities **facility** were built to produce high quality 40 / 70- mesh and 100- mesh sands, each of which is used extensively in upstream operations in the Permian Basin. Each facility was constructed with a modular design that provides us with the flexibility to expand any of the existing facilities to achieve incremental production capacity gains if such expansion were found to be necessary or desirable in light of customer demand, broader market conditions or other relevant considerations. Innovative plant design and large-scale operations facilitate low-cost operations and continuity on site. Redundancies were designed into our facilities to remove singular points of failure that could disrupt the production process, ensuring maximum reliability of proppant production and delivery. The facilities are capable of operating year-round and feature advanced safety designs, onsite water supply, power infrastructure and access to low-cost natural gas through connections to interstate natural gas lines. Collectively **Our OnCore distributed mining network is comprised of 9, built-for-purpose mobile processing plants which produce wet (i. e., undried our- or Kermit damp) 100- mesh and sand Monahans facilities have from leased or customer- owned properties. At each OnCore site, we are responsible for mining and processing the raw sand, selling the finished frac sand products, and reclaiming the disturbed land. The mobility of the OnCore plants provides a great deal combined annual production capacity of flexibility not afforded to large- scale fixed- plant mining operations** 16.5 million tons, 85,000 tons of dry storage, 1,190,000 tons of wet storage and 17 loadout lanes. Further, we benefit from the strategic locations of our facilities, proximal to major highways at the south and north ends of the Winkler Sand Trend. Our Kermit facilities are bisected by two state highways, while our Monahans facility its adjacent to two highways, one of which is Interstate 20, facilitating efficient transportation of our proppant to customers located at various points within the Permian Basin. **Accessibility to the western sites for the OnCore mines is via Texas state highway TX- 302 or U. S. Route 285; while primary access to the eastern sites is via Interstate 20, state highways TX- 137, TX- 176, or TX- 349.** The operations of our sand facilities are managed and monitored in a highly automated manner from our command center in Austin, Texas. The remote ecosystem allows our employees to simultaneously manage processes at all facilities, resulting in personnel productivity gains. Our Products and Services