



ENERGYSOURCE
MINERALS



EnergySource Minerals

Annual Sustainability Report - 2024

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Message from the CEO

At EnergySource Minerals, we are driving towards a future where lithium extraction is not only essential for powering advanced technology but is also an example of sustainable innovation. By utilizing innovative technology, we are pioneering methods to extract lithium from geothermal and other brines in ways that are cost-effective, environmentally responsible, and safe for the communities where we operate. As the demand for lithium continues to grow significantly, driven by the need for critical minerals in defense, aerospace, and data infrastructure, we recognize the immense responsibility we bear.

The future of lithium extraction is unwritten, and with it, the role our company will play in strengthening domestic supply chains and securing a stable, ethical, and resilient source of critical minerals. This uncertainty drives our determination to innovate, collaborate, and continuously improve. Through partnerships with public and private stakeholders, we aim to build a supply chain that is transparent, diversified and reliable.

Our focus goes beyond the technical and operational aspects of lithium extraction. We are committed to fostering meaningful relationships with the communities in which we operate, prioritizing environmental stewardship, and maintaining an unwavering dedication to health and safety. In this inaugural report, you will find an honest reflection of where we stand today. We have much to accomplish and many challenges to overcome, but we believe these challenges are opportunities to lead with purpose and create lasting impact. By monitoring and transparently reporting on key metrics such as our emissions, water usage, and community engagement, we hold ourselves accountable to the values that define us.

The road ahead may be uncertain, but our direction is clear. Together, with our employees, partners, and stakeholders, we will shape a future where lithium extraction contributes meaningfully to national security, technological advancement, and economic stability without compromising the health of our planet or the well-being of its people. This is our purpose, and it is the legacy we aim to build. Thank you for joining us on this journey. We look forward to growing, learning, and innovating together as we work toward a more sustainable future.

Sincerely,



Eric Spomer
CEO, EnergySource Minerals



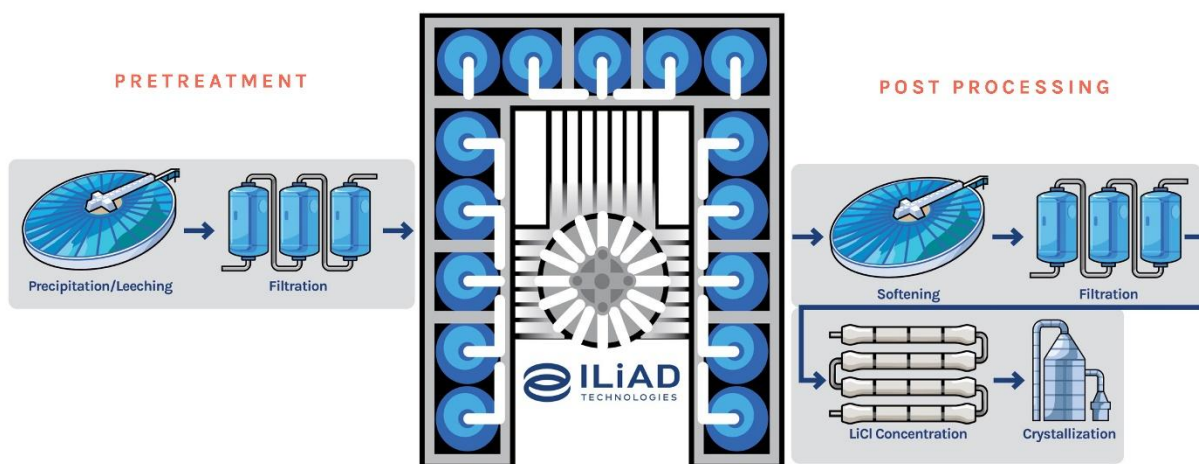
About the Company

EnergySource Minerals LLC (“ESM”, “we” or “our”) is a privately held company headquartered in Carlsbad, California, United States (“U.S.”). Our sustainability report includes ESM as the parent company, along with our three operating subsidiaries, ESM ATLiS LLC, the entity which will enable sustainable lithium extraction in Southern California, ILiAD Technologies, LLC, our technology platform for revolutionizing lithium production throughout the world, and ESM Inside LLC, the employer for EnergySource Minerals companies. We consolidate all subsidiaries under an operational control methodology. We have completed the pilot testing phase of our patented ILiAD technology and are commencing construction of Project ATLiS in 2025.

ESM's sustainability reporting is conducted annually, covering a reporting period from January 1st to December 31st of the previous year, which aligns with our financial reporting practices. We publish our sustainability report on our website, and the publication date is included in the report. For questions about our sustainability report or the reported information, please contact our sustainability team at sustainability@esminerals.com.

At ESM, our mission is to deliver lithium to the world in the most sustainable, profitable means possible, balancing the needs of the planet and our stakeholders. U.S. government policy continues to prioritize domestic and allied supply chains for critical minerals, including lithium, to support the energy transition. With federal initiatives incentivizing domestic mining, processing, and recycling of battery materials, ESM is uniquely positioned to help meet these strategic goals by providing a secure, sustainable lithium supply. Our proprietary ILiAD direct lithium extraction (DLE) processing platform can be deployed wherever there are lithium brine resources, replacing hard rock lithium mining and evaporation operations.

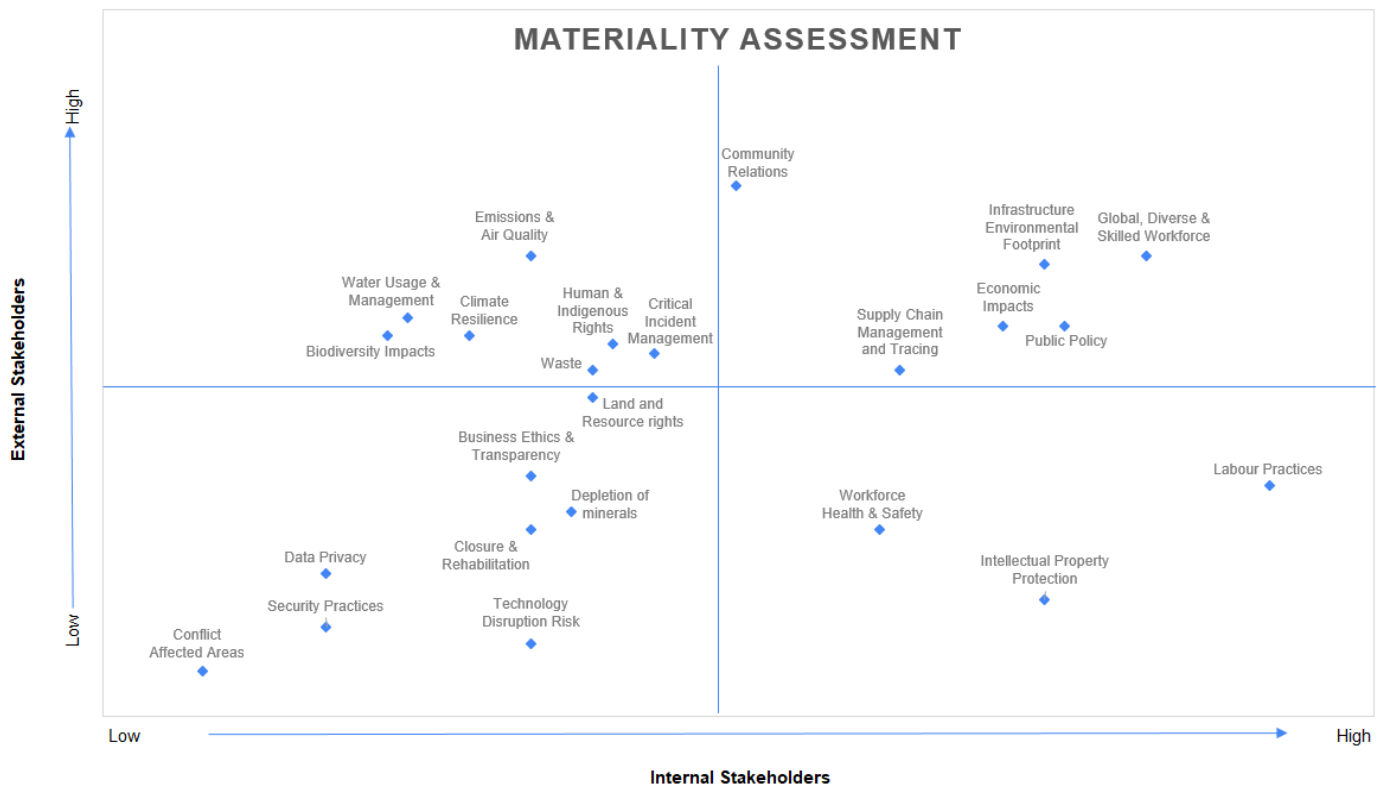
Figure 1 ILiAD Lithium Extraction Process Flow



ESM is governed by a five-member Board of Directors with each of our investors TechMet Ltd , MRP US Holdings, Inc, Catalyst Geothermal, LLC and LiNERGY, LLC (the “Founding Members”) and SLB appointing a manager. Governance is held by majority vote subject to the requirement for unanimous approval by the Founding Members for major decisions relating to ESM or any subsidiary, including issuance of securities, mergers, acquisitions, sales of assets, public offerings and major contracts. The Board of Directors also reviews and approves all policies related to our ESG strategy. Consistent with the size and stage of our business we utilize Finance and Compensation Committees for additional governance.

Materiality Assessment

The Materiality Assessment process was conducted in accordance with Global Reporting Initiative (“GRI”) Standards and involved reviewing global industry trends, benchmarking key peers and leaders, as well as surveys and follow up interviews with our key external and internal stakeholders, including our Board of Directors, members of our leadership team and employees. We further conducted a double materiality assessment, which looks at how sustainability issues impact our business and how our business impacts the world around us. We conducted interviews and surveys with representatives from our key stakeholder groups, including investors, community members and employees. In line with the double materiality recommendations of international reporting requirements, standards and frameworks, we evaluated the impacts of material topics from a dual perspective. Results from the assessment were categorized into a matrix to give a grade of importance to each of our identified material topics as they relate to stakeholders and ESG.



ESM identified topics considered of high importance to both internal and external stakeholders as material to the business. We also noticed a disconnect between internal and external stakeholders on the significance of Environmental topics such as energy, water, and waste usage and potential environmental impacts. We see this as an opportunity to further educate our stakeholders in the significant advancements our technology has in comparison to current lithium extraction practices and have included these items for purposes of sustainability reporting for this fiscal year, although the business does not consider them to be material. The actual and potential negative and positive impacts of our material items are as follows:

- ✓ **Infrastructure Environmental Footprint** – Our ATLiS infrastructure is designed for minimal environmental impact, using significantly less land and water than traditional lithium extraction methods. Additionally, our process generates significantly lower GHG emissions during operation, contributing to a more sustainable supply chain. We acknowledge the embodied carbon in manufacturing our infrastructure as a potential negative impact and actively seek ways to reduce it through material selection and efficiency improvements. By prioritizing innovation, we strive to minimize our footprint while delivering responsible lithium extraction solutions.

- ✓ **Recruiting & Managing a Global, Diverse & Skilled Workforce** - Our commitment to a skilled workforce balances local hiring with the need for specialized talent. While we prioritize recruiting locally to support economic development, some technical roles require a broader search, potentially impacting local employment opportunities. To mitigate this, we invest in workforce development programs, partnerships with local educational institutions, and training initiatives to build a pipeline of skilled professionals. A strong workforce enhances innovation, strengthens our capabilities, and supports our mission of sustainable lithium extraction. By encouraging a respectful workplace, we create opportunities for all employees while ensuring access to the expertise needed for long-term success.
- ✓ **Economic Impacts** – Our operations drive positive economic impact by prioritizing local vendors, investing in workforce development, and supporting community revitalization through tax contributions. By upskilling local workers, we create long-term career opportunities in a community where they may not otherwise exist. Additionally, our commitment to local procurement strengthens regional businesses and fosters economic resilience. We recognize that some specialized roles and materials may require sourcing beyond the local area, but we continuously seek ways to maximize local engagement and ensure broad economic benefits for the communities where we operate.
- ✓ **Community Relations** - We are committed to fostering inclusive economic opportunities, ensuring that women benefit proportionally in a historically male-dominated industry. Through targeted outreach, training, and mentorship programs, we support a more diverse workforce. We also recognize the potential for social conflicts when community and business interests are misaligned. To mitigate this, we prioritize transparent engagement, listening to local concerns, and aligning our operations with community needs. By fostering trust and collaboration, we strive to create shared value and long-term positive impact.
- ✓ **Supply Chain Management and Tracing** - Through continuous monitoring and engagement, we promote adherence to our environmental and social commitments. A key focus will be reducing Scope 3 emissions to meet our internal targets once set, working closely with suppliers to drive lower carbon solutions. While sourcing necessary materials globally presents challenges, we prioritize responsible partnerships and innovative strategies to enhance traceability, minimize environmental impact, and build a more sustainable supply chain.
- ✓ **Public Policy** - Shifts in political leadership can impact funding, demand for U.S. battery components, and regulatory landscapes. Our strategy includes proactive engagement with policymakers to advocate for policies that support sustainable lithium production and domestic supply chain resilience. We participate in lobbying efforts and consider financial or in-kind contributions to initiatives aligned with our mission. By maintaining an adaptive policy approach, we aim to navigate regulatory changes effectively while advancing responsible industry growth and ensuring long-term stability in our sector.

We address these material risks in the following sections, utilizing GRI and the Sustainability Accounting Standards Board standards to determine appropriate disclosures for each category.

Environmental

Overall Metrics and Policies

We strive to disrupt the lithium extraction industry by designing our processes to reduce energy and water usage, as well as minimize our carbon footprint. We incorporate these focus areas into the design of our facilities and processes as well as our selection of technology ensuring they run in the most efficient way.

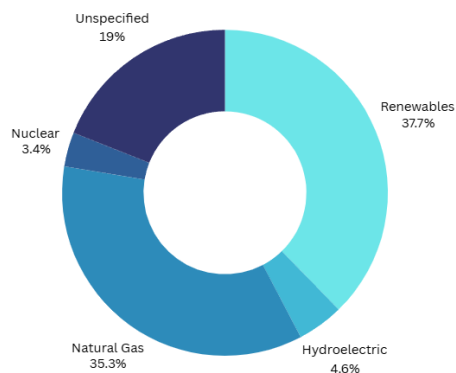


Figure 2 Imperial Irrigation District Energy Mix 2022

Energy

We consumed approximately 1,153 GJ of electricity which we calculated using utility data for all sites we have operational control over. We expect this amount to increase in future years as our ATLiS facility is constructed and subsequently becomes operational. We are contracted with the Imperial Irrigation District (IID) for energy, which includes the following mix of energy sources as of 2022 as noted in Figure 2.

Emissions Category	Tonnes CO2e (2024)
Scope 1: Electricity generated onsite	84
Scope 2: Purchased Electricity	1,891
Scope 3: Purchased goods and services	1,526
Scope 3: Capital goods	194
Scope 3: Fuel- and energy-related activities	364
Scope 3: Upstream transportation and distribution	492
Scope 3: Waste generated in operations	119
Scope 3: Business travel	165
Scope 3: Employee commuting	1,270
Total	6,104

Emissions

The Company utilized a monetary spend approach to estimate Scope 1, 2 and 3 emissions in 2024, which totaled 6,104 tonnes CO2e. The calculation includes all greenhouse gases, including Carbon (CO2), Methane (CH4), Nitrous oxide (N2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF6) and Nitrogen trifluoride (NF3), translated into CO2 equivalents under the GHG protocol through a GHG software platform. We evaluated whether our emissions for 2024 should be used as a baseline for target setting. However, we expect our emissions to grow while we construct ATLiS and again thereafter as we commence lithium extraction operations and build our IliAD Technology platform business. As such, we anticipate using the first full year of operations as a baseline for which we will set reduction targets and reduction goals. The company does not currently offset its carbon emissions.

In 2020 we conducted a life cycle assessment (“LCA”) for our lithium extraction, comparing IliAD technology and its future extraction processes against current mining and evaporation techniques on a number of factors, specifically carbon emissions, water and land use. The LCA noted that our technology is expected to have a fraction of the footprint compared to historical processes, emitting 2 tonnes of CO2e per tonne of lithium produced as compared to a range of 5-15 tonnes of CO2e for mining and evaporation techniques. This also does not account for the use of renewable energy such as that of the geothermal plant, which would significantly lower this estimate.

Air Pollution

To ensure compliance with California Air Pollution Control Laws, we actively monitor and report on air quality metrics as part of our annual Environmental, Social, and Governance (ESG) obligations. Our operations are governed by state standards, including those set by the California Air Resources Board (CARB), which require vigilant tracking of emissions such as particulate matter (PM), nitrogen oxides (NOx), and volatile organic compounds (VOCs) to minimize impacts on local air quality and community health. We assess these pollutants regularly to meet the stringent air quality standards in California, contribute to reduced greenhouse gas emissions, and transparently disclose our performance in reducing our environmental footprint.

Water

During 2024, the Company withdrew, consumed and discharged less than 1 ML of third-party freshwater for use in its office buildings and piloting facilities. The water withdrawn for buildings came from areas of Extremely High water stress based on the World Resources Institute’s (WRI) Water Risk Atlas map. Water consumed at the ATLiS location was purchased in bulk and stored in a 10,000-gallon holding tank for facility purposes, or in 5-gallon jugs

and bottles for drinking water. There were no instances of non-compliance associated with water quality permits, standards or regulations.

Once ATLiS is operationalized, the hot brine consisting of sand, salt, and minerals that is extracted during the lithium extraction process (ILiAD) will need to be cooled. When cooled, the salt in the brine will begin to crystallize. To prevent crystallization the brine must be diluted, which is where we expect most of our water usage will occur. Our LCA noted that this process will use only 50 m³ of water per tonne of lithium extracted, compared to between 165 and 475 m³ for historical mining and evaporation techniques. In addition to reducing freshwater usage to the extent possible in the design of ILiAD, ESM further contracted with the local utility company, IID, under a zero-discharge contract stating any water utilized onsite may not leave the facility.

Therefore, to drive efficiency and implement circularity with its water usage, ESM will be implementing the following policies to reduce freshwater usage by using recycled water sources for the dilution of brine:

- Install a potable water treatment plant onsite.
- Contract with the neighboring geothermal plant to utilize two geothermal waste streams which will then be treated and reused onsite.
- Collect and circulate wastewater in the ATLiS facility back through the water treatment plant.
- Create a berm around the lithium extraction plant to catch all rainwater.

Environmental Footprint of Infrastructure

ESM will begin construction on Project ATLiS, a premier lithium extraction project located in Imperial County, California, U.S., in 2025. The Company has contracted with a local builder to construct the facility. The project was designed considering the land footprint required for mining and evaporation techniques. Our LCA noted that our facility will use only 0.4 m² of land per tonne of lithium extracted, compared to between 75 and 3,124 m² for evaporation techniques and mining. While ATLiS construction plans were finalized prior to 2024, our main priority prior to commencing operations on future properties will be to minimize the embodied carbon emissions to the extent possible throughout construction, and to streamline our energy use processes prior to operation commencement to calculate a baseline with the lowest possible carbon footprint.

People and Community

Community Benefit Program

In 2024 ESM developed its *Investing in Tomorrow, Today* Community Benefit Program, which is a way to demonstrate our commitment to providing community benefits, including:

- Hiring, Education and Skill-Building
- Workplace Safety & Quality Standards
- Community Engagement
- Advancing Infrastructure
- Supporting the Local Community

Hiring, Education and Skill-Building

ESM is committed to empowering and supporting the next generation of talent in their career development. As such, we partnered with Imperial Valley College in 2022 to begin developing the Lithium Industry Force Training (LIFT) curriculum that could train and attract a diverse early talent population for employment in the geothermal and lithium extraction industries. In 2024, the first cohort of 48 students graduated through the LIFT program of which we hired 10 employees for our local facility. There is another cohort of 31 students currently enrolled in the program, providing a pipeline of skilled local workers for future operations. ESM intends to look to this group of LIFT graduates for employment for both ILiAD and ATLiS. Each LIFT candidate completes a one-year certificate preparing for a career as either a Lab Technician or Plant Operator.

Workplace Safety & Quality Standards

In 2024, ESM launched a series of workplace safety standards, furthering its commitment to providing a safe and healthy work environment and protecting employees by reducing the risk of injury or fatality at work. We are required to report to the Occupational Safety and Health Administration (OSHA) on any reportable instances. While there were two minor incidents, there were no reportable incidents or fatalities in 2024.

Community Engagement

Since 2022, ESM has committed to spending time connecting with the local community and its leaders, whether it be through community groups that meet monthly to discuss concerns or by speaking to classrooms of all ages about the importance of clean energy. We also support local initiatives focused on women's education and workforce advancement. During 2024 we participated in:

- 12 Speaking engagements at local schools
- 43 Relationship development opportunities with student and local organizations
- 46 Monthly engagement chats with community leaders

ESM previously established a Community Advisory Board (CAB) with ten organizations that represent a cross section of interests throughout the county and plans to meet with the CAB members on a quarterly basis to ensure an open dialogue between ESM and the community. We plan to expand on current community partnerships within the CAB to further facilitate outreach and information delivery to our key stakeholder communities.

ESM also holds leadership roles in key local organizations, including the Imperial County Workforce Development Board, Imperial Valley College Foundation, and Imperial Valley Regional Chamber of Commerce.

Advancing Infrastructure

As discussed in the Environmental sections above, ESM is committed to the best water use practices through its zero-discharge contract and infrastructure to recycle water used onsite. In addition, ESM has recognized the need for additional transportation solutions, as we expect increased traffic on the local highway once our operations commence. The Company is considering several options to decrease this impact, including the construction of new railway spurs to reduce truck traffic and expects to have a solution prior to operations commencing in 2028.

Supporting the Local Economy

ESM estimates that our commercial-scale mineral extraction and production project utilizing geothermal brines from the adjacent geothermal plant will provide the following:

- The equivalent of 300 full-time construction jobs over a 28-month period
- Over 70 new, full-time operations jobs and asset management positions at ESM, in addition to new jobs created by the local transportation, maintenance, and related services industries
- An estimated direct capital investment by ESM ATLiS of between \$1.1B to \$1.2B
- An estimated \$200M per year in direct operation and maintenance activities
- Payment of new property taxes in excess of \$10M per year after the partial property abatement incentive offered under the Capital Investment Incentive Program
- California lithium tax of \$18M per year that will be utilized by the local community

Employment Practices

ESM is committed to fair hiring practices in compliance with applicable employment laws. We prioritize local hiring and workforce development by providing training to the local community. Our hiring practices ensure all employees have equal access to opportunities, in accordance with state regulations. Additionally, we collect employment data to support transparency and compliance. While we strive for a diverse mix of candidates, all employment decisions are made without regard to race, sex, or other protected characteristics. There were no discrimination incidents reported during 2024.

Each year we examine existing practices to determine opportunities for greater equity and transparency related to compensation and promotional opportunities. Current policies in place include:

- Annual review of compensation practices to evaluate pay equity noting any discrepancies were commensurate with years of professional experience.
- Tracking internal promotion data to understand the availability of promotional opportunities for employees
- Providing annual performance reviews for 100% of employees

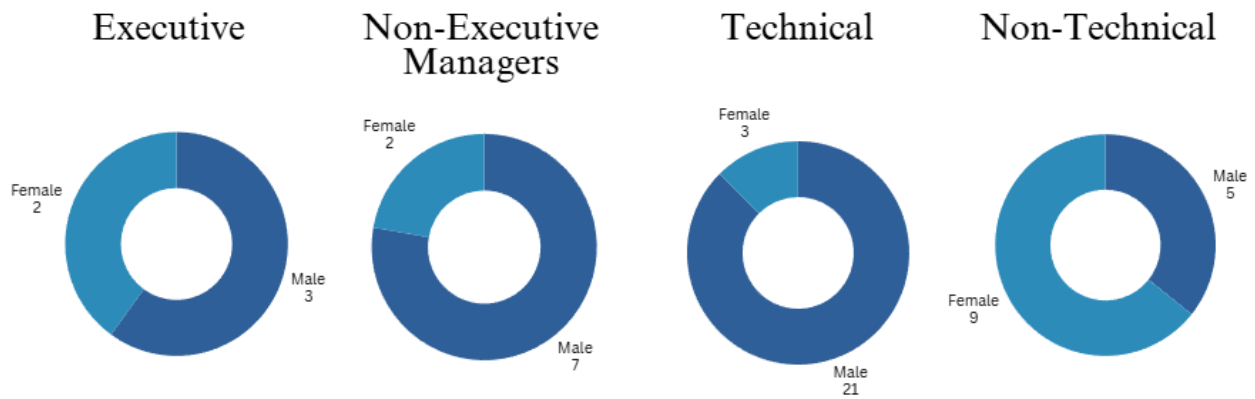
Results from our annual assessment noted that during 2024 entry level employees paid hourly, both male and female, had starting salaries of approximately 1.6x the minimum wage in California.

Employee Metrics

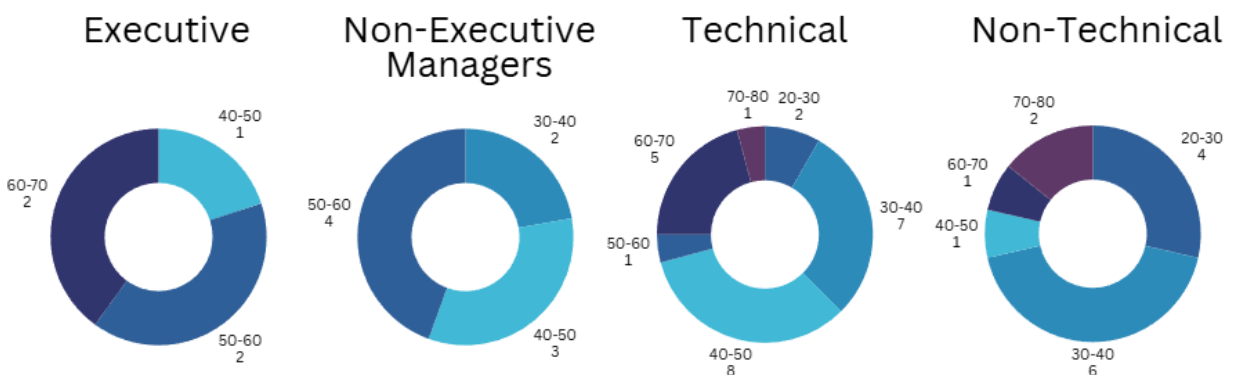
During 2024, approximately 84% of our employees were hired from the local community, which we consider to be the state of California. All of our employees are based in North America. At the end of the reporting period, ESM had a total of 48 full time employees worldwide, of which 67% are male and 33% are female. We had four part-time employees of which 75% are male and 25% are female. Full-time permanent employees are reported in head count, and the methodology used to compile the data is based on national laws and definitions in each country where our employees are located. This disclosure covers all employees who perform work for any of the organization's entities included in our sustainability reporting. The proportion of full-time employees remained stable compared to the previous reporting period. In 2024, ESM hired 13 new employees, of which 5 were women.

We attempt to collect data on ethnic diversity, however disclosure by employees is optional. As of 2024, we did not have sufficient employee data to provide metrics on ethnic diversity. The metrics below include both full-time and part-time employees.

Employee Gender Metrics



Employee Age Metrics



Approximately 6% of our workforce, or three employees, require a work visa. We recognize several potential risks that may arise from recruiting and utilizing employees that require a work visa, including potential restrictions on length of employment, potential operational disruptions should immigration status change, and the potential for local communities to perceive that we are taking away jobs from domestic workers. To mitigate these risks, we work with employees on their visa renewals, offer competitive benefits and growth opportunities to encourage retention. As noted above, we have also invested in local workforce development programs such as LIFT to ensure we have domestic talent available.

During the year ended December 31, 2024, 72% of employees contributed to the 401K plan with an average contribution rate of 9.5%

National Funding

The Company has received an Advanced Energy Project Credit, under section 48C of the Inflation Reduction Act, that provides a tax credit of \$261 million against investment in the project. Additionally, Project ATLiS has been awarded a conditional commitment by the Department of Energy (DOE) Loans Programs Office (LPO) for a \$1.36 billion loan and is currently working with the LPO to finalize the loan documents.

Governance

Human Rights and Modern Slavery

ESM strives to respect and protect human rights and prohibits the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, modern forms of slavery and any form of human trafficking. The Company also adheres to child labor laws applicable to people under the age of 18 including the types of work, hours limitations and required permits for employment of minors. Employees are governed by our Code of Conduct which includes our expectations on Human Rights. We are committed to a safe work environment and training; diversity and inclusion; and adherence to wage, hour and required benefit laws and prohibits all forms of discrimination. Effective in 2025, this policy is now explicitly required of our suppliers as well.

Anti-bribery and Corruption

Employees are governed by our Code of Conduct which includes our expectations on Anti-corruption and how to report acts of noncompliance. ESM has a zero-tolerance approach to bribery and corruption, which was solidified further in an Anti-bribery and Corruption policy in early 2025. This policy reinforces training we require all employees to complete annually and now extends to our suppliers. There were no instances of non-compliance with laws and regulations for the year ended December 31, 2024.

Public Policy

ESM is committed to ethical and transparent practices that align with our mission of advancing a sustainable future. As part of this commitment, ESM does not contribute directly to political candidates. Instead, we focus our financial resources on charitable causes that promote environmental stewardship, and community development. Our lobbying efforts are dedicated to advocating for policies that invest in infrastructure and industrial facilities, secure the domestic supply chain for critical minerals and create sustainable jobs across the United States. In 2024, we allocated approximately \$50,000 to charitable donations and \$95,000 to lobbying efforts, reflecting our dedication to impactful action and accountability.

Supply Chain

Responsibility for ESM's sustainable supply chain falls under the Chief Financial Officer's ("CFO's") roles and responsibilities. Among the CFO's responsibilities are ensuring fair and transparent procurement processes which consider sustainability commitments and tenders for purchase orders exceeding \$1,000,000 in a fiscal year.

While we will be an upstream supplier to any value chain, our operations also require inputs from contractors and suppliers. As our team begins the construction phase in 2025, the largest share of the Company’s procurement budget will be directed toward construction materials and design and construction contractors. We identified this as a risk during the materiality assessment and will therefore begin embedding ESG requirements into the contracting process and align expectations with our vendors to ensure effective management across these partnerships.

To operationalize this practice into our operations, we created both an internal Sustainable Supplier Policy and external Supplier Code of Conduct (which includes affirmations about Human Rights practices, anti-corruption policies, GHG emissions and targets and ESG policies, among others) and Questionnaire. Primary employees in the procurement process were identified and involved in the creation of the policy to ensure ownership and compliance. These policies were approved by the Executive Team and placed into effect during 2025. The top 10 suppliers from 2024 will be provided the Supplier Code of Conduct during 2025 as well as a Supplier Questionnaire to capture current sustainability practices. Also effective in 2025, all new suppliers with orders over \$5,000 are required to sign the Supplier Code of Conduct, while those with orders exceeding \$1,000,000 will be required to provide the Supplier Questionnaire, which will be utilized to address any gaps in current practices. We recognize that many of the smaller suppliers may not yet have formalized their ESG practices in documentation and will work with them to prioritize ESG topics.

Goals

ESM evaluated whether our data collected for 2024 should be used as a baseline for target setting. As we expect our business and related metrics to increase significantly while we construct ATLiS, build the ILiAD business and again thereafter as we commence lithium extraction operations, we did not consider it prudent to set targets at this time. As such, we anticipate using the first full year of operations as a baseline for which we will set reduction targets and reduction goals, which we anticipate will be in 2029. As such, we set targets for 2030 which are noted below:

