

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **ALTERNET SYSTEMS, INC**

**A Wyoming Corporation**

15851 Dallas Parkway – Suite #600  
Addison, Texas 75001

**1(800)713-0297**

**<https://www.otc-alyi.com>**

**[info@lithiumip.com](mailto:info@lithiumip.com)**

**7380 – Miscellaneous Services**

**Quarterly Report**

**For the Period Ending: 09/30/2022.**

**(the “Reporting Period”)**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

3,057,453,752 as of September 30, 2022

2,609,075,328 as of December 31, 2021

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

### **1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

<sup>1</sup> <sup>1</sup> “Change in Control” shall mean any events resulting in:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

he surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

The Company's name was changed to Alternet Systems, Inc. on 05/14/2002 (f/k/a) Schoolweb Systems, Inc. 12/20/2001 (f/k/a) North Pacific Corporation, Inc. 06/26/2000.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

June 26, 2000 – Nevada to 06/10/2020 – Wyoming – Active (Good)

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

5057 Keller Springs Road – Suite #300  
Addison, Texas 75001

The address(es) of the issuer's principal place of business:

*Check box if principal executive office and principal place of business are the same address:* ☒

Same

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

## **2) Security Information**

### **Transfer Agent**

Name: Transfer Online, Inc.  
Phone: (503)227-2950 Email: tsipe@transferonline.com  
Address: 512 SE Salmon Street  
Portland, Oregon 97214

Is the Transfer Agent registered under the Exchange Act?<sup>2</sup> Yes: ☒ No: ☐

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<sup>2</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	ALYI	
Exact title and class of securities outstanding:	Common	
CUSIP: 02146M201		
Par or stated value:	<u>\$ .00001</u>	
Total shares authorized:	<u>3,500,000,000</u>	as of date: <u>9/30/2022.</u>
Total shares outstanding:	<u>3,057,453,752</u>	as of date: <u>9/30/2022.</u>
Total number of shareholders of record:	<u>115</u>	as of date: <u>9/30/2022.</u>

*All additional class(es) of publicly quoted or traded securities (if any):*

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding:	_____	as of date: _____
Total number of shareholders of record:	_____	as of date: _____

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	Preferred A	
CUSIP (if applicable):		
Par or stated value:	<u>\$ .00001.</u>	
Total shares authorized:	<u>10,000,000</u>	as of date: <u>9/30/2022.</u>
Total shares outstanding (if applicable):	<u>10,000,000</u>	as of date: <u>9/30/2022.</u>
Total number of shareholders of record (if applicable):	<u>1</u>	as of date: <u>9/30/2022.</u>

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

The Company has 3,500,000,000 shares of Common Stock authorized: par value \$0.00001.

**Voting Rights.** The holders of the Common Stock are not entitled to on all matters submitted to a vote of the shareholders.

**Dividends.** Subject to preferences that may be granted to any then outstanding preferred stock, holders of Common Stock are not entitled to receive any dividends as may be declared by the Board of Directors out of funds legally available therefor as well as any distributions to the shareholders.

*Liquidation Rights.* In the event of our liquidation, dissolution or winding up, holders of Common Stock are entitled to share ratably in all of our assets remaining after payment of liabilities and the liquidation preference of any then outstanding preferred stock.

*Absence of Other Rights or Assessments.* Holders of Common Stock have no preferential, preemptive, conversion or exchange rights. There are no redemption or sinking fund provisions applicable to the Common Stock. When issued in accordance with our articles of incorporation and law, shares of our Common Stock are fully paid and not liable to further calls or assessment by us.

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2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

**Preferred Stock**

**Designations, Preferences, Rights And Limitations of Series A Preferred Stock**

10,000,000 shares of Series A Preferred Stock have been authorized with a \$0.00001 par value per share.

**Dividends.** The holders of Series A Preferred Stock shall not be entitled to receive dividends except that in the event that a dividend is declared on the Company's Common Stock, the holders of the Series A Preferred Stock shall receive the dividends that would be payable if all then outstanding shares of Series A Preferred Stock were converted into Common Stock immediately prior to the declaration of a dividend if declared by the Board of Directors, in its sole discretion.

**Voting Rights.** With respect to all matters upon which the Company's stockholders shall vote, the holders of Series A Preferred Stock shall vote together as a single class. The holders of Series A Preferred Stock may only vote unanimously.

**Conversion Rights.** Series A Preferred Stock is not convertible into any shares of Common Stock of the Company.

**Liquidation Rights.** The Series A Preferred shareholders shall not have any right to participate in distributions or payments in the event of any liquidation, dissolution, or winding up, voluntary or involuntary, of the Company.

**Status of Converted Stock.** Upon the conversion or extinguishment of the Series A Preferred Stock, the shares converted or extinguished will be automatically returned to the status of authorized and unissued shares of preferred stock, available for future designation and issuance pursuant to the terms of the Company's Articles of Incorporation.

**Limitations Upon Disposition.** The Series A Preferred shares issuable may not be transferred, sold, offered for sale, pledged or otherwise hypothecated without the unanimous vote of the Board of Directors.

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

**3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

**A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒

(If yes, you must complete the table below)

<div> <div> Number of Shares outstanding as of <u>January 1, 2020</u> </div> <div> <u>Opening Balance:</u>  Common: <u>248,690,001</u>  Preferred <u>10,000,000</u> </div> <div> *Right-click the rows below and select "Insert" to add rows as needed. </div> </div>										
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?	
02/19/2019	Issuance	20,000,000	Common	\$.005	Yes	Istvan Elek	Debt Conversion	Unrestricted	4a1	
02/22/2019	Issuance	20,000,000	Common	\$.005	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
02/28/2019	Issuance	16,906,850	Common	\$.002	Yes	Glenwood Partners LP Glenn Bagwell	Debt Conversion	Unrestricted	4a1	
04/18/2019	Issuance	20,000,000	Common	\$.005	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
05/08/2019	Issuance	20,000,000	Common	\$.005	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
05/21/2019	Issuance	4,800,000	Common	\$.005	Yes	Carol Ann Wilson	Debt Settlement	Unrestricted	4a1	
06/05/2019	Issuance	9,800,000	Common	\$.005	Yes	Istvan Elek	Debt Conversion	Unrestricted	4a1	
06/18/2019	Issuance	31,000,000	Common	\$.005	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
09/06/2019	Issuance	20,000,000	Common	\$.0025	Yes	Istvan Elek	Debt Conversion	Unrestricted	4a1	
10/17/2019	Issuance	37,930,800	Common	\$.0025	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	4a1	
11/11/2019	Issuance	30,000,000	Common	\$.0025	Yes	Thilo Dunker	Debt Conversion	Unrestricted	Rule 144	
12/18/2019	Issuance	30,000,000	Common	\$.0025	Yes	Thilo Dunker	Debt Conversion	Unrestricted	Rule 144	
12/20/2019	Issuance	30,000,000	Common	\$.0025	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	Rule 144	
01/15/2020	Issuance	44,000,000	Common	\$.0025	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
02/28/2020	Issuance	16,000,000	Common	\$.0025	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
06/24/2020	Issuance	30,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	

06/30/2020	Issuance	30,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
07/06/2020	Issuance	30,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
07/07/2020	Issuance	30,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
07/10/2020	Issuance	30,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
07/13/2020	Issuance	21,298,630	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
07/15/2020	Issuance	82,500,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
07/22/2020	Issuance	40,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
08/06/2020	Issuance	57,000,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
08/24/2020	Issuance	45,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
08/27/2020	Issuance	50,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
08/28/2020	Issuance	55,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
09/02/2020	Issuance	55,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
09/04/2020	Issuance	40,854,621	Common	\$.001	Yes	Istvan Elek Revocable Trust	Debt Settlement	Unrestricted	4a1	
09/09/2020	Issuance	44,462,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	4a1	
09/22/2020	Issuance	50,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
09/23/2020	Issuance	97,500,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
10/06/2020	Issuance	24,257,638	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
11/2/2020	Issuance	54,420,000	Common	\$.001	Yes	Istvan Elek Revocable Trust	Debt Conversion	Unrestricted	4a1	
11/23/2020	Issuance	40,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
11/24/2020	Issuance	40,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
12/02/2020	Issuance	40,000,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	
12/07/2020	Issuance	34,251,850	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Conversion	Unrestricted	4a1	

01/05/2021	Issuance	53,352,000	Common	\$.001	Yes	Istvan Elek Revocable Trust	Debt Conversion	Unrestricted	4a1	
01/07/2021	Issuance	46,388,000	Common	\$.001	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
01/11/2021	Issuance	74,588,450	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
02/18/2021	Issuance	118,685,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Settlement	Unrestricted	4a1	
03/03/2021	Issuance	20,000,000	Common	\$.02	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
03/17/2021	Issuance	10,000,000	Common	\$.001	Yes	Istvan Elek Revocable Trust	Debt Settlement	Unrestricted	4a1	
03/31/2021	Issuance	28,508,150	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
04/12/2021	Issuance	27,806,010	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
07/13/2021	Issuance	35,786,667	Common	\$.00375	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
08/05/2021	Issuance	97,792,000	Common	\$.005	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
08/12/2021	Issuance	235,000,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
09/17/2021	Issuance	17,792,533	Common	\$.00375	Yes	Istvan Elek	Debt Settlement	Unrestricted	Rule 144	
09/22/2021	Issuance	62,018,882	Common	\$.005	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
10/18/2021	Issuance	37,801,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	4a1	
10/27/2021	Issuance	44,440,000	Common	\$.00375	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
11/04/2021	Issuance	29,454,400	Common	\$.00375	Yes	Istvan Elek	Debt Settlement	Unrestricted	Rule 144	
12/09/2021	Issuance	45,173,198	Common	\$.0044	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
12/29/2021	Issuance	3,816,648	Common	\$.005	Yes	Istvan Elek	Debt Settlement	Unrestricted	Rule 144	
01/12/2022	Issuance	16,720,000	Common	\$.00375	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
02/16/2022	Issuance	14,217,316	Common	\$.005	Yes	Istvan Elek	Debt Settlement	Unrestricted	Rule 144	
03/18/2022	Issuance	92,718,800	Common	\$.001	Yes	Istvan Elek	Debt Conversion	Unrestricted	Rule 144	

03/22/2022	Issuance	100,000,000	Common	\$.001	Yes	JDT Trading LLC Jim Tilton Jr	Debt Conversion	Unrestricted	Rule 144	
04/18/2022	Issuance	50,000,000	Common	\$.0032	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
04/27/2022	Issuance	21,560,000	Common	\$.001	Yes	Thilo Dunker	Debt Settlement	Unrestricted	Rule 144	
04/29/2022	Issuance	30,000,000	Common	\$.0032	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
05/31/2022	Issuance	50,000,000	Common	\$.0032	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
06/23/2022	Issuance	73,163,308	Common	\$.0013	Yes	Blue Citi LLC Rob Malin	Debt Settlement	Unrestricted	Rule 144	
Shares Outstanding on <u>September 30, 2022</u>	<u>Ending Balance:</u> Common: <u>3,057,453,752</u> Preferred 10,000,000									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021, through December 31, 2022 pursuant to the tabular format above.

#### B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
<u>November 01, 2021.</u>	<u>\$153,661</u>	<u>\$143,140</u>	<u>\$10,521</u>	<u>11/01/2022</u>	<u>Discount to market look back</u>	<u>SMEA2Z, LLC (Philip Verges)</u>	<u>Advances</u>
<u>May 20, 2022</u>	<u>\$77,775</u>	<u>\$75,000</u>	<u>\$2,150</u>	<u>05/20/2023</u>	<u>Discount to market look back</u>	<u>SMEA2Z, LLC (Philip Verges)</u>	<u>Advances</u>
<u>June 6, 2022</u>	<u>\$102,301</u>	<u>\$100,000</u>	<u>\$2,301</u>	<u>06/06/2023</u>	<u>Discount to market look back</u>	<u>Elek Istva</u>	<u>Advances</u>

Use the space below to provide any additional details, including footnotes to the table above:

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:



A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

On July 21, 2017, the Company acquired Lithium IP Holdings in a transaction that included a management and business direction change. Randell Torno was named the new Alternet Systems Chairman and CEO. Edward Bollen, the President of Lithium IP Holdings, also joined the Alternet Systems management team. On June 23, 2017, Lithium IP Holdings executed an agreement to exclusively license ten U.S. Patented lithium battery technologies\* with an option to acquire the ten U.S. Patents. The current business plan is to develop partnerships with prominent businesses and agencies to commercialize its portfolio of lithium technologies while at the same time continuing to expand the existing portfolio. Along those lines, the Company recently announced plans to start production of Electric Motorcycles.

**Table 1 – Patent Portfolio List**

Letter I.D.	Date Issued	Electrolyte Material	Electrolyte Process	Fuel Cell	Overcharge Protection	Patent No.
A	12/25/07	✓				7,311,993
B	03/25/08	✓				7,348,103
C	09/2/08			✓		7,419,623
D	12/16/08	✓				7,465,517
E	09/22/09			✓		7,591,964
F	12/03/09					Application
G	05/18/10		✓			7,718,154
H	08/31/10				✓	*7,785,740
I	07/19/11		✓			7,981,388
J	06/24/14			✓	✓	8,758,945

\*United States Government also has rights to patent

#### Overcharge Protection Patents

The two patents (Patents H and J) here are of the chemical design within the cell category and specifically embody both liquid and gel electrolyte configurations. Patent H discloses a "shuttling" mechanism via the Boron salt to essentially return overcharge electrons in a closed loop cycle and limiting the voltage rise. Patent J discloses a chemical reaction of a polymeric material that becomes gelled or solid at a voltage just over the cell maximum voltage in a way that prohibits the flow of electrons thereby shutting the cell down.

#### Electrolyte Material Patents

The first two patents (A, B) claim invention of specific Boron salts to be used in the liquid electrolyte solution of a lithium ion cell. Patent D extends this general concept from just a liquid electrolyte solution to also include "gel" electrolyte configurations.

#### Electrolyte Process Patents

Specifically patent G provides for a process to synthesize the precursor for the Boron salts that are included in this patent portfolio. Patent I provides for four process methods to produce a purer Boron electrolyte salt and electrolyte salt solution. Specifically four purification processes are offered, three describe processes wherein the liquid electrolyte solution may be variously purified by passing it through sieves/columns or ion exchange columns. The fourth purification method is to vacuum dry the solid salt at 180 C to remove impurities.

#### Fuel Cell Patents

The fuel cell patents C and E in theory present a significant extension of the Boron electrolyte salt concepts to completely new market segments and multiple technologies

over a range of fuel cell configurations. Both patents list preparation methods of the Boron materials and are accompanied by a series of analytical benchtop laboratory tests indicating that they have the physical characteristics which may allow them to be utilized in a variety of fuel cell applications.

B. Please list any subsidiaries, parents, or affiliated companies.

N/A

C. Describe the issuers' principal products or services.

Electric Motorcycles

## 5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases office space on a short-term basis at subject address listed herein.

## 6) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Randell Torno</u>	<u>CEO</u>	<u>Dallas, Texas</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>Lithium IP Holdings Corp.</u> <u>(Ed Bollen)</u>	<u>Control</u>	<u>Dallas, Texas</u>	<u>10,000,000</u>	<u>Preferred</u> <u>– Series</u> <u>“A”</u>	<u>100%</u>	<u>Voting Control</u>

## 7) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

NONE

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

NONE

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

NONE

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

NONE

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NONE

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

NONE

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## 8) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Donald R. Keer  
Firm: Donald R. Keer, P.E., Esq

Address 1: 3663 Greenwood Circle  
Address 2: Chalfont, PA. 18914  
Phone: (215)962-9378

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: Jim D. Tilton, Jr  
Firm: JTC  
Nature of Services: Consulting  
Address 1: Louisville, Ky  
Email: jtilton@mindspring.com

Name: James C DiPrima  
Firm: James DiPrima  
Nature of Services: Accounting  
Address 1: 11424 Frances Street Omaha, NE 68144  
Email: [jim.diprima@gmail.com](mailto:jim.diprima@gmail.com)  
Phone: (402) 960-6110

## **9) Disclosure & Financial Information**

A. This Disclosure Statement was prepared by (name of individual):

Name: Randall Torno  
Title: CEO & CFO  
Relationship to Issuer: Officer

B. The following financial statements were prepared in accordance with:

- ☐ IFRS  
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Randall Torno  
Title: CEO & CFO  
Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup>

Provide the following qualifying financial statements:

- a. Audit letter, if audited;
  - b. Balance Sheet;
  - c. Statement of Income;
  - d. Statement of Cash Flows;
  - e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
  - f. Financial Notes
-

<sup>5</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

**Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

## 10) Issuer Certification

### *Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Randell Torno certify that:

1. I have reviewed this 09/30/2022 quarterly disclosure statement of Alternet Systems, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

\_\_\_\_\_[Date]

/s/Randell Torno [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

### *Principal Financial Officer:*

I, Randell Torno certify that:

1. I have reviewed this 09/30/2022 quarterly disclosure statement of Alternet Systems, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

\_\_\_\_\_[Date]

/s/Randell Torno [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**ALTERNET SYSTEMS, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2022, and September 30, 2021  
(Unaudited)

Pages

1. Consolidated Balance Sheets as of September 30, 2022, and September 30, 2021,	F-1
2. Consolidated Income Statements for the Three- and Nine-Months ended September 30, 2022, and 2021.	F-2
3. Consolidated Statements of Stockholders' Deficit for the Nine Months ended September 30, 2022.	<b>F-3</b>
4. Consolidated Statements Cash Flows for the Nine Months ended September 30, 2022, and 2021.	F-4
Notes to Consolidated Financial Statements.	F-5 thru F-8

**ALTERNET SYSTEMS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
At September 30, 2022 & 2021  
(UNAUDITED)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$20,865	\$9,407
Accounts Receivable, net	-	650,000
Due from related parties	3,485	3,485
Investment in digital currency	-	117,004
<b>TOTAL CURRENT ASSETS</b>	<b>24,350</b>	<b>779,896</b>
<b>OTHER ASSETS</b>		
Investment in equity securities		1,000,000
<b>TOTAL ASSETS</b>	<b>\$ 24,350</b>	<b>\$1,779,896</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and accrued liabilities	\$6,427	\$335,408
Wages Payable	-	1,627,599
Third party convertible note net of OID and accrued interest	318,765	1,117,199
Derivative liability	59,489	130,362
Current liabilities of discontinued operations	155,985	125,492
<b>TOTAL CURRENT LIABILITIES</b>	<b>540,666</b>	<b>3,336,060</b>
<b>TOTAL LIABILITIES</b>	<b>540,666</b>	<b>131,145</b>
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred A Stock \$.00001 par value 10,000,000 Authorized 10,000,000 issued, and outstanding on September 30, 2022, and September 30, 2021, respectively	100	100
Common Stock, \$.00001 par value 3,500,000,000 Authorized 3,057,453,752 issued and outstanding on September 30, 2022, and 2,448,390,082 Issued and outstanding September 30, 2021.	30,575	24,484
Additional paid-in-capital	2,690,399	1,180,319
Accumulated comprehensive income	(2031)	(2,031)
Accumulated deficit	(3,235,359)	(2,759,036)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(516,316)</b>	<b>(1,556,164)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$24,350</b>	<b>\$1,779,896</b>

The accompanying notes are an integral part of the consolidated financial statements.



**ALTERNET SYSTEMS, INC.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the three and nine months ended September 30, 2022 & 2021

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
REVENUES, net	\$	\$ 60,000	60,000	\$ 180,000
TOTAL REVENUE		60,000	60,000	180,000
OPERATING EXPENSES:				
General & administrative expenses	50	126,000	422,050	378,000
Professional Fees	105,000	28,500	162,000	85,500
Total Operating expenses	105,050	154,500	584,050	463,500
NET OPERATING INCOME/ (LOSS)	(105,050)	(94,500)	(524,050)	(283,500)
OTHER INCOME/(EXPENSE)				
Amortization of OID	-	(28,006)	(29,833)	(53,272)
Impairment expense	(1,117,004)		(1,117,004)	
Write of liabilities	2,603,935		2,603,935	
Change in derivative liability	32,854		32,854	
Write off of accounts receivable	(770,000)		(770,000)	
Finance and interest fees	(6,427)	(385,015)	(81,819)	(422,256)
Total other income/(expense)	743,358	(413,021)	638,133	(475,528)
NET INCOME/ (LOSS)	\$ 638,308	\$ (507,521)	\$ 114,083	\$ (759,028)
Basic and Diluted Net Income/Loss per Common Share	**	**	**	**
Weighted Average Number of Common Shares Outstanding	3,057,453,752	2,236,319,457	3,057,453,752	2,028,830,858

\*\* Less than \$.01

The accompanying notes are an integral part of the consolidated financial statements.

**ALTERNET SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
For the nine months ended September 30, 2022  
(UNAUDITED)

	PREFERRED		COMMON		ADDITIONAL	RETAINED	SHAREHOLDER
	SHARES	VALUE	SHARES	VALUE	PAID IN CAPITAL	EARNINGS	EQUITY
BALANCE MARCH 31, 2021	<u>100</u>	<u>\$10,000,000</u>	<u>1,972,193,990</u>	<u>\$19,722</u>	<u>\$(77,701)</u>	<u>\$(2,101,428)</u>	<u>\$(2,159,307)</u>
Common Stock Issued for Conversion			27,806,01000	278	27,528		27,806
NET LOSS JUNE 30, 2021						(150,086)	(150,086)
BALANCE JUNE 30, 2021	<u>100</u>	<u>\$10,000,000</u>	<u>2,000,000,000</u>	<u>\$20,000</u>	<u>\$(50,173)</u>	<u>\$(2,251,514)</u>	<u>\$(2,281,587)</u>
Common Stock Issued for Conversion			448,390,082	4,484	1,230,492		1,234,976
NET LOSS SEPTEMBER 30, 2021						(507,521)	(507,521)
BALANCE SEPTEMBER 30, 2021	<u>100</u>	<u>\$10,000,000</u>	<u>2,448,390,082</u>	<u>\$24,484</u>	<u>\$1,180,319</u>	<u>\$(2,759,035)</u>	<u>\$(1,554,132)</u>
Common Stock Issued for Conversion			160,685,246	1,607	551,258		552,865
NET INCOME DECEMBER 31, 2021						484,472	484,472
BALANCE DECEMBER 31, 2021	<u>100</u>	<u>\$10,000,000</u>	<u>2,609,075,328</u>	<u>\$26,091</u>	<u>\$1,731,577</u>	<u>\$(2,274,563)</u>	<u>\$(516,795)</u>
Common Stock issued or Conversion			223,656,116	2,237	345,169		347,406
NET INCOME/(LOSS) MARCH 31, 2022						(166,538)	(166,538)
BALANCE MARCH 31, 2022	<u>100</u>	<u>\$10,000,000</u>	<u>2,832,731,444</u>	<u>\$28,327</u>	<u>\$2,076,746</u>	<u>\$(275,347)</u>	<u>\$(335,928)</u>
Common Stock Issued for Conversion			224,722,308	2,247	613,653		615,900
NET INCOME/(LOSS) JUNE 30, 2022						(357,687)	(357,687)
BALANCE JUNE 30, 2022	<u>100</u>	<u>\$10,00,0000</u>	<u>3,057,453,752</u>	<u>\$30,575</u>	<u>\$2,690,399</u>	<u>\$(2,798,788)</u>	<u>\$(79,745)</u>
Settlement or previous debt						(1,074,879)	(1,074,879)
NET INCOME SEPTEMBER 30, 2022						638,308	638,308
BALANCE SEPTEMBER 30, 2022	<u>100</u>	<u>\$10,000,000</u>	<u>3,057,453,752</u>	<u>\$30,575</u>	<u>\$2,688,368</u>	<u>\$(3,235,359)</u>	<u>\$(516,316)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**ALTERNET SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the nine months ended September 30, 2022, and 2021  
(UNAUDITED)

	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income / (Loss)	\$114,083	\$ (759,028)
Adjustments to reconcile net income to net cash provided. By operating activities:		
Impairment expense	1,117,004	
Write off of other liabilities	(2,603,935)	
Change derivative liability	(70,873)	
Amortization of OIC	-	53,272
Share based interest payment		358,329
Changes in operating assets and liabilities:		
(Increase)/decrease in accounts receivable	710,000	(180,000)
Increase/(decrease) in accrued payable	(1,768,597)	385,500
Increase /(decrease) in payroll liabilities		78,000
Increase/(decrease) in other liabilities	(227,442)	
Increase/ (decrease) in accrued interest	6,427	63,927
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$(119,758)</b>	<b>\$ (21,411)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in equity securities	-	(1,000,000)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>(0)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease)/Increase in notes payable	(38,785)	-
(Decrease)/Increase in Due from Stockholder		(7,500)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(38,785)</b>	<b>(7,500)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$(158,543)</b>	<b>\$ (107,441)</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>179,408</b>	<b>636,997</b>
<b>CASH AND EQUIVALENTS, END OF PERIOD</b>	<b>\$20,865</b>	<b>\$ 529,556</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Common stock issued for compensation.		-

The accompanying notes are an integral part of the consolidated financial statements.

**Alternet Systems, Inc.**  
**Notes To Consolidated Financial Statements**  
**For the nine months ended September 30, 2022**  
(Unaudited)

**NOTE 1 - NATURE OF OPERATIONS**

Alternet Systems Inc.'s (the "Company") focus has evolved into the digital payments and data analytics, micro segmentation and marketing intelligence. The target markets include the mass consumer goods, payments, financial services and telecommunications sectors. Its vision is to be the leading digital commerce solutions provider into global markets, and its mission is to provide innovative solutions that facilitate and expedite commerce, enriching our partners and their customers' experience, and improving efficiency.

Previously, the Company provided leading edge mobile financial solutions and mobile security and related solutions with the former being offered throughout the Western Hemisphere, but most actively in Central and South America and the Caribbean, and the latter being offered globally. As detailed in Note 5, Discontinued Operations, the Company, pursuant to a transaction in Alternet Transactions Systems ("ATS Transaction"), discontinued providing mobile financial solutions and mobile security. ATS is dormant.

The accompanying financial statements include the activities of Alternet Systems, Inc., Alternet Payment Solutions, LLC, Alternet Transactions Systems, Inc. and Lithium IP, LLC.

**NOTE 2 - BASIS OF PRESENTATION**

**a) Statement of Compliance**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as issued by the Financial Accounting Standards Board ("FASB").

**b) Basis of Measurement**

The Company's financial statements have been prepared on the historical cost basis.

**c) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the useful life and recoverability of long-lived assets, fair value of convertible notes payable and derivative liabilities. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between estimates and the actual results, future results of operations will be affected.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following summarize the more significant accounting and reporting policies and practices of the Company:

**a) Revenue recognition** In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 606, Revenue From Contracts With Customers, effective for public business entities

**b)** with annual reporting periods beginning after December 15, 2017. This new revenue recognition standard

**Alternet Systems, Inc.**  
**Notes To Consolidated Financial Statements**  
**For the nine months ended September 30, 2022**  
(Unaudited)

c) (new guidance) has a five step process: a) Determine whether a contract exists; b) Identify the performance obligations; c) Determine the transaction price; d) Allocate the transaction price; and e) Recognize revenue when (or as) performance obligations are satisfied. The impact of the Company's initial application of ASC 606 did not have a material impact on its financial statements and disclosures. The Company currently generates its revenues from providing consulting services, primarily consisting of project management on existing projects in Colombia and Peru, on a contract basis in regards to data analytics solutions.

d) **Stock compensation for services rendered** The Company may issue shares of common stock in exchange for services rendered. The cost of the services are valued according to generally accepted accounting principles and have been charged to operations.

e) **Net income (loss) per share** Basic loss per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period.

f) **Property and equipment** All property and equipment are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from their respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred.

g) **Income Taxes** Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income, and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB ASC 740. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities.

h) **Cash and equivalents** for purposes of the statement of cash flows, the Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

i) **Financial Instruments and Fair Value Measurements** ASC 825-10 "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

ASC 825 also requires disclosures of the fair value of financial instruments. The carrying value of the Company's current financial instruments, which include cash and cash equivalents, accounts payable and accrued liabilities approximates their fair values because of the short-term maturities of these instruments.

**Alternet Systems, Inc.**  
**Notes To Consolidated Financial Statements**  
**For the nine months ended September 30, 2022**  
(Unaudited)

FASB ASC 820 “Fair Value Measurement” clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**h) Impairment of Long-Lived Assets** A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying value amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived assets exceeds its fair value.

**i) Related Party Transactions** All transactions with related parties are in the normal course of operations and are measured at the exchange amount.

**j) Intangible Assets** The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite useful lives are carried at cost less accumulated amortization. Amortization is calculated using the straight line method over the estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. If impairment indicators are present, these assets are subject to an impairment review. Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k) Digital Currency Transactions** The Company can enter into transactions that are denominated in digital currency (Ven). These transactions result in digital currency denominated assets and liabilities that are revalued periodically. Upon revaluation, transaction gains and losses are generated and are reported as unrealized gains and losses in other items in the Consolidated Statements of Operations. The Company determines fair value as of the balance sheet date based on Level 1 inputs which consist of quoted prices in active markets. The value of the Company’s digital currency is \$117,004. Due to the uncertainty regarding the current and future accounting treatment and tax, legal and regulatory requirements relating to digital currencies or transactions utilizing digital currencies, such accounting, legal, regulatory and tax developments or other requirements may adversely affect us. It was determined on September 30, 2022 that Digital currency held by the Company was impaired and was expensed.

**l) Recent Accounting Pronouncements** On January 1, 2019, the Company adopted ASU 2016-02, “Leases” which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single

**Alternet Systems, Inc.**  
**Notes To Consolidated Financial Statements**  
**For the nine months ended September 30, 2022**  
(Unaudited)

lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The adoption of ASU 2016-02 had no effect on the Company's financial statements.

**NOTE 4 - GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's financial position and operating results raise substantial doubt about the Company's ability to continue as a going concern, as reflected by the net loss of \$114,083 for the nine months ended September 30, 2022, and \$472,000 negative working capital. The ability of the Company to continue as a going concern is dependent upon commencing operations, developing sales and obtaining additional capital and financing. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The Company is currently seeking additional capital.

**NOTE 5 - FORMER RELATED PARTY TRANSACTIONS**

As of June 30, 2022, a total of \$1,768,957 was payable to former directors and former officers of the Company, which is non-interest bearing and has no specific terms of repayment. On September 30, 2022 that amount was written off.

**NOTE 6 – STOCKHOLDERS EQUITY**

The Company is authorized to issue 3,500,000,000 shares of \$0.00001 par value common stock and 10,000,000 shares of \$0.00001 par value preferred stock. Rights and privileges of the preferred stock have not been established.

At September 30, 2022 and December 31, 2021, the Company had 3,057,453,752 and 2,609,075,328, respectively, shares of common stock issued and outstanding. At September 30, 2022 and December 31, 2020, the Company had 10,000,000 shares of preferred stock issued and outstanding.

In the second quarter of 2022 the Company issued 224,722,308 shares of common stock to settle \$618,911 of debt.

In the first quarter of 2022 the Company issued 223,656,116 shares of common stock to settle \$347,405 of debt.

In 2021, the Company issued 988,402,938 shares of common stock for the conversion of \$2,734,158 of debt.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

**Legal Matters** From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of September 30, 2022, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 16, 2024 which is the date the financial statements were available to be issued. There were no events that would require additional disclosure at the time of financial statement presentation.

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