

***ALTERNET SYSTEMS,
INC.***

**QUARTERLY DISCLOSURE
STATEMENT**

FOR THE QUARTER ENDED

JUNE 30, 2017

OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

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 Capital Corp., Inc. 06/26/2000.

2) Address of the issuer's principal executive offices

Company Headquarters

Alternet Systems, Inc.
734 Alendale Drive
Coppell, Texas 75019
Phone: 1(800)713-0297
Email: info@lithiumip.com
Website: <https://www.otc-alyi.com>

3) Security Information

Trading Symbol: ALYI

Exact title and class of securities outstanding: COMMON & PREFERRED "A"

CUSIP: 02146M201

Par or Stated Value: \$0.00001

Total shares authorized: 500,000,000/10,000,000 as of: 06/30/2017

Total shares outstanding: 116,724,295/0 as of: 06/30/2017

Transfer Agent

Transfer Online, Inc.
512 SE Salmon Street – 2nd Floor
Portland, Oregon 97214-3444
(503)227-2950
<https://transferonline.com>

Is the Transfer Agent registered under the Exchange Act?* Yes: X No:

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

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:

In July 2017, the Company completed a Share Exchange Agreement (“Agreement”) with Lithium IP Holdings Corporation (“LIP”) to acquire 100% of the outstanding LIP shares in exchange for the following share issuances to LIP’s sole shareholder (the “Exchange”):

A - 10,000,000 Series A preferred shares with a par value of \$0.00001, and B - 38,908,098 common shares of the Company with a par value of \$0.00001 per share.

Upon completion of the Exchange, LIP’s sole shareholder acquired 25% of the Company’s common shares and 100% of the Company’s preferred shares.

4) Issuance History

Shares issued for Period ended June 30, 2017 – 0

5) Financial Statements

The Company’s Financial Statements for Period ended June 30, 2017 are posted separately of this Disclosure Statement and incorporated herein by reference.

6) Describe the Issuer’s Business, Products and Services

Describe the issuer’s business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer’s business operations and management;

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 Altnet Systems Chairman and CEO. Edward Bollen, the President of Lithium IP Holdings, also joined the Altnet 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.

Table 1 – Patent Portfolio List

Letter I.D.	Date Issued	Electrolyte Material	Electrolyte Process	Fuel Cell	Overcharge Protection	Patent No.
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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.

Management Team

Randell Torno

Chairman and CEO

Randy has been working on the ground in the Middle East or Africa since 2007. He was recalled to active duty as a Lieutenant Colonel in the U.S. Army and deployed to Iraq in 2007. He received the Bronze Star in the course of his combat tour. After finishing his tour in Iraq, Randy was requested by

name for duty in Addis Ababa, Ethiopia, a deployment lasting 3 years. He retired from the Army in 2011 and was shortly thereafter contracted by Northrop Grumman (NGC) and other companies to work in Africa on a myriad of projects in countries from Senegal to South Africa.

In Ethiopia, Randy served as the Senior U.S. Advisor to the Ethiopian National Defense Force's Defense Command and Staff College (EDCSC). On the surface, Randy's team assisted in training Ethiopian senior officers in strategic, operational and tactical battle planning and execution. More importantly, Randy was tasked with building bonds between the U.S. and the Ethiopian Governments and winning the approval of external stakeholders such as the UN and the regional ambassadorial offices with a presence in Ethiopia. He finished his assignment in Ethiopia as the U.S. Embassy's Chief of Security Cooperation, where he drafted the U.S. – Ethiopia Bilateral Defense Agreement of 2011. This treaty was the first such agreement between the two countries since 1974.

In Iraq, Randy ran the Theater Transportation and Corps Logistics Support elements of the U.S. Government's Logistics Civil Augmentation Program (LOGCAP) with oversight for more than \$10 billion of transportation assets, as well as supply and services supporting 320,000 Soldiers, Sailors, Airmen, Marines and civilian personnel in the combat zone.

Since his retirement from the Army, Randy has contracted as a Senior Peacekeeping Advisor under the U.S. State Department's Africa Contingency Operations Training and Assistance (ACOTA) program. He has prepared well over 10,000 African Troop Contingents for duty as UN Peacekeepers in areas from Somalia to Darfur to the Congo.

Randy commissioned as an Army officer in 1987 after graduating from the University of South Dakota with a Bachelor's Degree in Journalism. He left active duty in 1990 for a civilian career in motion picture production and corporate communications. He founded the Light Brigade to channel a unique vision and artistry to crafting effective messages for a client list that included companies from Lennox Heating and Air Conditioning, Pizza Hut, Cadbury Schweppes, Frito-Lay, Southwest Airlines, Diageo Brands, to Wal-Mart.

Randy simultaneously continued his Army career in the reserves serving in an escalating series of key roles through multiple re-organizations of the Reserves' force structure between 1995 and 2006. Randy is a graduate of the U.S. Command and General Staff College at Fort Leavenworth, Kansas and the Joint Forces Staff College in Norfolk, Virginia.

Randy is a hands on expert in Africa with experience in multiple countries across the continent. He holds a Master's Degree in Public Policy and Political Economics and is a PhD Candidate in Public Policy and Political Economics at the University of Texas expected to complete his dissertation in December of 2017.

Ed Bollen

President Lithium IP Holdings

After a 30 years with the U.S. Government beginning first as a U.S. Marine and then working for the majority of his time in service within the U.S. intelligence community, Ed founded Paladin Resolutions, a global research and management consulting firm. Ed has recently served as a consultant on an upcoming History Channel series on the selection process for America's elite Special Force Operators.

Paladin's clients included both public and private organizations seeking: business intelligence collection; diplomatic negotiations; conflict resolution; general risk management; physical security; industrial security; disaster risk reduction, response, and remediation; emergency management and response logistics, and special problem resolution. Paladin has project experience in North America, the Middle East, Africa, Europe, Asia, the Caribbean and South America. Paladin has supported military and law enforcement operations, aviation and maritime services as well as a wide variety of corporate clients with operations in both Emerging and Frontier Markets.

Ed's broad experience includes 3 years with the White House Military Office working with executives and engineers from the Boeing Company, Bell Helicopter, and the Sikorsky Aircraft Company on new modifications to Air Force One and Marine One. Ed's extensive aviation and maritime expertise has also been engaged by Raytheon, General Electric, Lockheed Corporation, Marin Marietta, L-3 Communications, Electric Boat Company and Newport News Shipbuilding.

Ed has trained international arms inspectors assigned to the United Nations Weapon inspection teams in Iraq; established a national counterterrorism task force in Ethiopia; worked directly with the Palestinian Authority in Gaza and Jericho to develop standards and regulations for European vendors, Saudi Arabian contractors and U.S. business entities working together in the region; been the boots on the ground in Liberia at the height of its second civil war serving as the special advisor to the U.S. Ambassador responsible for implementing counter insurgency measures.

After the September 11, 2001 attacks, Ed was assigned to U.S. Central Command (USCENTCOM) as the Intelligence communities special advisor on terrorism and joint operations. After five years at USCENCOM, Ed was assigned by the U.S. government to work with U.S. businesses to assess and implement countermeasures to defend against foreign government sponsored industrial espionage. Ed's U.S. business network resulted in the rapid expansion of Paladin Resolutions after its launch in 2009.

Ed has an undergraduate degree in history from Florida State University and graduate degree in comparative religion and religious history from The College of William & Mary.

B. Date and State (or Jurisdiction) of Incorporation:

June 26, 2000 - Nevada

C. the issuer's primary and secondary SIC Codes;

D. the issuer's fiscal year end date;

December 31st

E. principal products or services, and their markets;

Lithium Battery Technologies..

7) Describe the Issuer's Facilities

The Company maintains minimal shared office space.

8) Officers, Directors, and Control Persons

A. Randell Torno - CEO

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. 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, or banking activities;

None

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

None

4. The entry 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

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of

any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Ed Bollen, Sole Director controls 55% voting control via ownership of 10,000,000 Series "A" Preferred Shares designated 07/20/2017, as well as, 38,908,098 Common Shares of the Company issued in conjunction with the Share Exchange Agreement with Lithium IP Holdings Corp. (as previously disclosed herein).

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Law Offices of Lawrence W. Bailey, 17824 Misty Grove Drive, Dallas, Texas 75287

10) Issuer Certification

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).

The certifications shall follow the format below:

I, Randell Torno certify that:

1. I have reviewed this 06/30/2017 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.

10/31/17

/s/Randell Torno
CEO