



ALTERNET SYSTEMS, INC. Two-Pronged Strategy to Lead to Doubling of Stock Price

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ALTERNET SYSTEMS, INC. (OTC – ALYI - \$0.0405)	
Price Target: \$0.09	Rating: Speculative Buy

COMPANY SNAPSHOT

Alternet Systems, Inc. is focused on offering varied, environmentally sustainable, energy storage solutions for targeted markets, including consumer electric vehicles and military applications. The first product category is lithium battery-powered motorcycles, to be followed by motorbikes. These products are released through its newly launched ReVolt Electric Motorbikes subsidiary.

KEY STATISTICS

Price as of 2/20/19	\$0.0405
52 Week High – Low	\$0.0695 - \$0.0041
Est. Shares Outstanding	218.7M
Market Capitalization	\$9.1M
30-Day Average Volume	10,581,266
Exchange	OTCPK

COMPANY INFORMATION

Alternet Systems, Inc.
 1319 Crampton Street
 Dallas TX 75207

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INVESTMENT HIGHLIGHTS

Conclusion: ALYI has been a huge winner over the past 9 months and we believe that these shares could double from current levels this spring. Buoyed by \$1.5M in orders, meaningful progress on the hemp storage business and new business development on the horizon, ALYI has evolved into an emerging environmentally sustainable, energy storage solutions provider capable of growth in multiple markets. Thus, we reiterate our \$0.09 price target.

Not a One-Trick Pony: Not that a \$1.5M initial order for its electric motorcycle isn't a great start for any early-stage firm; still, its progress on the hemp energy storage illustrates its unique capabilities and growth opportunities in two, large, fast-growing markets. Progress on either front serve as a major driver for these shares.

The Pivot: ALYI has demonstrated a knack for shrewd business development moves in its target markets. We anticipate next-stage initiatives to include new revenue streams, technology license opportunities, and/or partnerships to foster product development and deployment.

Hemp is One Step Ahead. In our view, the notion of hemp energy storage is an application well ahead of pure play energy storage and hemp providers alike. As a result, the value of this application has not yet been fully reflected in the stock. With a series of news on the R&D front in the offing, ALYI is primed to reach new highs later this year.

VALUE CREATION → HIGHER STOCK PRICES

First Leg

ALYI management has executed a number of steps to create value---with more in the offing. The first stage, which included the introduction of its lithium-based EV motorcycle, occurred in 2018. This was followed by an initial 100 unit pilot order worth \$1M. Importantly, earlier this month, the Company was awarded an additional \$500,000 worth of orders for pilot tests by two additional clients. In our view, these events reflect tangible value for the product and considerable future promise for this leg of the Company's offerings and target market.

Second Leg

We believe that ALYI's new, innovative hemp energy storage initiative has been buoyed with the addition of Clarkson University Professor David Mitlin. Professor Mitlin is a leading expert in electrochemistry and a pioneer in the use of hemp as a clean, green, renewable energy in the form of a supercapacitor. Mitlin has successfully used hemp bast - the fiber left over from processing hemp - to construct carbon nanosheets that compete with, and in some respects, outperform the supercapacitor performance derived from more typical graphene nanosheets. Mitlin holds a US patent for his proprietary hemp energy storage technology.

In our view, ALYI is one step ahead of the industry in this segment. While most industrial applications for hemp bast is in other areas, the energy storage space is virtually a clear path. As R&D success continues, we believe that this offering will serve as a major driver of ALYI's stock price. Moreover, given the moves management has executed over the past 9 months, we believe that future value-creating business development initiatives lie ahead. Thus, we project a doubling of the stock price in the near term and higher prices thereafter, pending news.

For a great primer on the huge prospects in this segment, listen or download our January 2019 Cannabis CEO podcast which features David Mitlin discussing this initiative.

<https://www.goldmanresearch.com/201901021228/Opportunity-Research/cannabis-ceo-roundtable.html>



SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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