



RECYCLENET CORPORATION  
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## **FORWARD LOOKING STATEMENTS**

RecycleNet Corporation (the "Company", "we" or "us") cautions readers that certain important factors may affect our actual results and could cause such results to differ materially from any forward-looking statements that may have been made in this Form 10-K or that are otherwise made by or on behalf of us. For this purpose, any statements contained in the Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements.

Without limiting the generality of the foregoing, words such as "may," "expect," "believe," "anticipate," "intend," "could," "estimate," "plan" or "continue" or the negative other variations thereof or comparable terminology are intended to identify forward-looking statements. Factors that may affect our results include, but are not limited to, our limited history of non-profitability, our dependence on a limited number of customers and key personnel, the need for additional financing and our dependence on certain industries. We are also subject to other risks detailed herein or detailed from time to time in our filings with the Securities and Exchange Commission.

## **PART I**

### **ITEM 1. BUSINESS**

#### **Introduction**

RecycleNet Corporation ("the Company") is a Utah corporation originally incorporated on December 29, 1961 as Bern Enterprises Inc. and the name was changed to Garbalizer Machinery Corporation in April 1977. On February 25, 1999, RecycleNet Corporation (Ontario) entered into a reorganization agreement with Garbalizer Machinery Corporation of Utah, a company whose shares were publicly traded on the bulletin board securities market utilizing the symbol "GARM." On March 19, 1999, the reorganization was consummated with Garbalizer Machinery Corporation surviving and changing its name to RecycleNet Corporation (Utah). Prior to the March 19, 1999 reorganization, the assets less liabilities of Garbalizer Machinery Corporation were sold to Garb-Oil & Power Corporation (Utah).

RecycleNet Corporation (Utah) acquired all of the common shares of RecycleNet Corporation (Ontario) for shares of the Utah Company. As a result of that reorganization, shareholders of RecycleNet (Ontario) exchanged their common shares in that company for Class N voting, non-equity shares of RecycleNet Corporation (Utah) and Class X non-voting, equity shares of RecycleNet Corporation (Ontario). One Class N share and one Class X share are exchangeable into one common share of RecycleNet Corporation (Utah). The Company has retained the market symbol "GARM" as its market symbol and as an acronym for the slogan, "Global Access to Recycling Markets".

#### **Company History**

In 1989, Paul Roszel, an officer, director and principal shareholder of the Company began publishing a newsletter entitled "The Recycler's Exchange". This newsletter was published for a period of approximately seven years and was a regional recycling industry newsletter that circulated to an estimated 3,200 recycling based businesses in Ontario, Canada. Along with the newsletter, Mr. Roszel inserted classified type advertisements for commodities that were available to buy, sell or trade. In late 1994, Mr.

Roszel began work on physically developing the concept of an electronic format trading system to distribute the Recycler's Exchange information world wide via the World Wide Web and e-mail. Thus, the Recycler's Exchange evolved from a printed newsletter with limited distribution to one available electronically with worldwide distribution.

The electronic exchange was activated online on May 1, 1995. Since that time, the Company has developed and implemented a broad range of solutions including exchange management, sales management, customer interaction, and transaction processing systems using a combination of proprietary custom designed technologies and commercially available, licensed technologies.

### **Mission**

RecycleNet operates a Secondary Commodity Exchange making inefficient recyclable markets more efficient. RecycleNet's mission is to become the leading exchange for recyclable commodities in the world.

We have built the world's largest and abundant trading system for scrap in which anyone, anywhere, can buy, sell or trade secondary commodities, recyclables, used equipment and related services. We pioneered online trading for the recycling industry by developing a network-based marketplace in which buyers and sellers are brought together in an intuitive, easy-to-use environment. We continue to evolve to be the first stop for scrap trade and scrap market trends.

### **Growth of Our Exchange**

Our success has been largely dependent upon the success of our individual traders. This success is reflected in the growth of confirmed, registered members as well as the participation of free, unregistered traders in the marketplace.

The Company has no one customer that the loss of would have a material adverse impact to the Company, with the exception of Google. The Google pay-per-click advertising represents 31.4% of the revenue of the Company. The Company believes that the competitive design of the Google pay-per-click advertising favors the advertisers and may result in a diminishing percentage of return for web publishers such as us.

### **Competition**

The market for business-to-business trade is new and quickly evolving. Competition for advertising, electronic commerce and business users is intense and will increase substantially in the future. Technological barriers to entry by competitors are relatively insignificant. Management expects to face intensified competition in the future from traditional trade publishers, directory registry companies, as well as from Internet search engine companies, trade associations, etc. The Company also competes with traditional forms of business-to-business advertising and commerce, such as trade magazines, trade shows, and trade associations for advertisers.

### **Marketing**

The Company's marketing strategy is described in "Management's Discussion & Analysis and Financial Condition and Results of Operations."

## **Effect of Governmental Regulations**

The Company is a "Reporting Company" under the Securities Exchange Act of 1934 and is required to file annual, quarterly and periodic reports with the Securities and Exchange Commission, such as Forms 10-K, 10-Q, and 8-K. The reports are available at the Commission's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549, telephone 1-800-SEC-0330 and may be retrieved electronically via the Internet at [www.sec.gov](http://www.sec.gov).

## **Reports to Security Holders**

The Company intends to prepare and deliver to its security holders an annual report each year, which will include audited financial statements.

## **Employees**

All management and staff are retained on an unwritten contract basis under a related party transaction with Inter-Continental Recycling Inc. Inter-Continental Recycling is owned 100% by the Company's President. Because of the affiliation between Inter-Continental and the Company, the agreement between them has no definite duration and will continue as necessary for the conduct of business by the Company. Inter-Continental assigns and provides employees to the Company as long as the Company requires them and can pay the associated costs. Inter-Continental provides services to and for the Company by employees of Inter-Continental. There is no mark-up or other charges incurred by the Company from Inter-Continental and the Company pays the same amount for services for the Inter-Continental employees as does Inter-Continental.

The average monthly invoice from Inter-Continental to the Company approximates \$17,023 paying for services for seven full-time and part-time employees of Inter-Continental utilized by the Company. The Company is invoiced for the salaries as well as employee benefits, such as deductions for Canada Pension Plans and Employment Insurance, which is a deduction mandated by the Canadian Government. Management of the Company believes this arrangement is beneficial to the Company in that all payroll and employee withholding transactions are consolidated into one company, Inter-Continental, thereby saving the Company a duplicative expense.

Inter-Continental is responsible for acquiring and maintaining appropriate insurance covering liabilities, including employee conduct.

## **ITEM 1A. RISK FACTORS**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None

## **ITEM 2. PROPERTIES**

### **Facilities**

The Company does not currently own any operating facilities. The Company's corporate offices are located at 175 East 400 South, Suite 900, Salt Lake City, Utah. The Company also maintains shared office space at 7 Darren Place, Guelph, Ontario, Canada and RecycleNet Corporation pays \$200 (US) per

month to Paul Roszel. The Company believes that the current facilities will be adequate for the foreseeable future. All research and development activities are performed in these facilities. The Company believes that the nature of its business coupled with computer networking technology will allow and support future employees of the Company working from remote locations outside of the Company's current (or future) facilities.

**ITEM 3. LEGAL PROCEEDINGS**

Neither the Company nor any of its officers, directors or greater than 10% beneficial shareholders are involved in any litigation or legal proceedings involving the business of the Company.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matters were submitted to a vote of the Company's security holders during the fourth quarter of the fiscal year ended December 31, 2008.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information**

The Company's shares are traded on the over-the-counter bulletin board securities market. The following table gives the range of high and low bid information for the Company's common shares for each quarter within the last two fiscal years through December 31, 2008. Because the Company's shares are traded in the over-the-counter market, the quotations shown below reflect inter-dealer prices without retail mark up, markdown or commission and they may not represent actual transactions.

Fiscal Quarter	High Bid	Low Bid
-----	-----	-----
1 <sup>st</sup> Quarter, 2008	\$0.050	\$0.030
2 <sup>nd</sup> Quarter, 2008	\$0.040	\$0.030
3 <sup>rd</sup> Quarter, 2008	\$0.050	\$0.040
4 <sup>th</sup> quarter, 2008	\$0.040	\$0.030
1 <sup>st</sup> Quarter, 2007	\$0.050	\$0.050
2 <sup>nd</sup> Quarter, 2007	\$0.050	\$0.050
3 <sup>rd</sup> Quarter, 2007	\$0.040	\$0.040
4 <sup>th</sup> Quarter, 2007	\$0.040	\$0.040

As of December 31, 2008, the number of holders of record of the Company's common shares was 707. Neither the Company (nor its subsidiaries) have declared or paid any cash dividends for the last two fiscal years. It is not anticipated that any cash dividends will be declared or paid in the near future. There are no contractual or other restrictions that limit the ability of the Company to pay dividends on its common shares and none are anticipated in the future.

## **Recent Sales of Unregistered Securities**

The Company has made no offers or sales of unregistered securities during the year ended December 31, 2008 and none are intended at the present time.

## **ITEM 6. SELECTED FINANCIAL DATA**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

## **ITEM 7. MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the financial statements and notes related thereto, included elsewhere in this report.

### **Overview**

RecycleNet Corporation provides "Global Access to Recycling Markets" (GARM) by providing an exchange system that facilitates the trade of secondary commodities.

The spectrum of goods exchanged on the RecycleNet system includes all grades of scrap metals, waste paper, recycled plastics, glass, rubber, wood, textiles, minerals, chemicals and used items. The Company believes that the recyclables market sector for scrap and used items exceeds \$300 billion/year in North America.

RecycleNet does not act as a dealer, broker nor processor but rather as an exchange system that can be utilized by dealers, brokers, processors, generators and consumers of scrap materials. Any purchasing agent at any factory that has scrap, waste or by-product is a potential user of the RecycleNet exchange system.

RecycleNet's activities today are primarily focused on the electronic exchange of secondary commodities through an integrated network of Internet portals.

The RecycleNet system is a hybrid exchange modeled from various aspects utilized by other formal exchange systems such as the London Metals Exchange, the NASDAQ stock exchange and other commodity or livestock exchanges and includes some of the strategies employed by the emerging ECN's (Electronic Communication Networks) such as Archipelago. Unlike eBay that has developed a marketplace to trade consumer goods using an auction model, RecycleNet is primarily focused on commercial and industrial goods exchanged in a buy/sell/trade and bid/ask order matching system.

The company is unaware of any current direct competition in the market space we occupy and believes it is a pioneer in maturing a formal market exchange for secondary commodities. The Company believes that with the maturing of Internet technologies and general business acceptance at doing transactions over the Internet, we will see an incubation of potential competitors.

RecycleNet believes it has a larger membership base than existing recycling trade associations from around the world. Compared to the circulation of traditional recycling trade publications, RecycleNet's audience is larger.

In the year 2000, the Company recognized the need for specific geographic web portals within its business and established an online presence to correspond with each continent. The Company also believed that the growing potential for business in Asia demanded separate attention and therefore, implemented a strategy to establish a Secondary Commodity Clearinghouse service in China.

On June 15, 2005, Scrap China Corporation was organized under the laws of the State of Utah as a new business segment and considered to be a development stage enterprise. On November 24, 2005, the Board of Directors approved a pro-rata spin-off of all shares of Scrap China Corporation effective January 20, 2006.

The common shareholders of RecycleNet received one share of Scrap China Corporation for every ten shares of RecycleNet common stock. The Board of Directors of RecycleNet decided to distribute the Scrap China Corporation shares to the RecycleNet shareholders to benefit its shareholders and to separate the different lines of business.

Scrap China Corporation now functions as its own fully reporting entity and is no longer a wholly owned subsidiary of RecycleNet Corporation.

Oldwebsites.com, Inc., formerly Fiberglass.com, was formed by the Company to undertake a different line of business from the business regularly engaged in by RecycleNet. Oldwebsites.com, Inc. will offer services to grow organic and natural search traffic to the web sites listed in the exchange. The Company believes that the true value of a web site is in the traffic it generates. Web sites that utilize the exchange will be monetized using the services available to the Company.

On June 6, 2007, the Board of Directors of the Company adopted a resolution declaring a pro-rata spin-off of all shares of Oldwebsites.com, Inc. owned by the Company effective September 7, 2007.

As of September 7, 2007 the spin-off of Oldwebsites.com, Inc. was completed. Oldwebsites.com, Inc. shares were issued to all common shareholders of record of the Company as of the close of business on September 7, 2007. The shareholders of RecycleNet Corporation received one share of Oldwebsites.com, Inc. for every ten shares of RecycleNet Corporation. The Board of Directors of the Company decided to distribute the Oldwebsites.com, Inc. shares to the RecycleNet shareholders to benefit its shareholders and to separate the different lines of business. This spin-off of Oldwebsites.com, Inc. resulted in the shareholders of the Company assuming the common stock and accumulated losses of Oldwebsites.com, Inc and the Company recorded a distribution to its shareholders in the amount of \$48,409.

Oldwebsites.com, Inc. now functions as its own fully reporting entity and is no longer a wholly owned subsidiary of RecycleNet Corporation.

On December 31, 2007, the Company sold its RecycleNet Corporation (Ontario) operations to Inter-Continental Recycling Inc. Inter-Continental Recycling Inc. assumed the outstanding debt of \$138,019 owed by RecycleNet Corporation (Utah) to RecycleNet Corporation (Ontario) in exchange for 100% of the issued and outstanding common shares of RecycleNet Corporation (Ontario) held by RecycleNet Corporation (Utah).

RecycleNet has concentrated on building the fundamentals of its business following a strategy of future profitability before expansion is considered. Over the past year the Company has continued on its strategy to build its

core user base. RecycleNet believes that the bulk of our future revenues will be derived from the base it is building now.

While the Company has cash in the bank and no debt, the relative size of its operations does not support the speed at which the management believes the Company needs to grow. In order to execute on its business plan and ramp its operations, the Company will seek access to capital to ensure that it can maintain its predominance in this market space and fully exploit the business opportunity.

### Results of Operations

In September 2007, the Company did a pro-rata spin-off of Oldwebsites.com, Inc. In December 2007, the Company sold its RecycleNet Corporation (Ontario) operations to Inter-Continental Recycling Inc. The following financial data does not include the results of the discontinued operations of Oldwebsites.com, Inc. or RecycleNet Corporation (Ontario) for the years ended December 31, 2008 and 2007.

### Sales Revenues

	<u>2008</u>	<u>2007</u>
Sales Revenues	\$594,900	\$857,700

Sales revenues have declined by \$262,800 in 2008 in comparison to 2007. This is primarily related to the reduction of Pay-Per-Click advertising revenue income that diminished substantially in 2008 compared to 2007, and the monthly or annual subscriptions being changed to a Pay-Per-Lead type service. The type of advertising that customers are willing to pay for has changed from the monthly or yearly "fixed amount" advertising fee or membership fee to the Pay-Per-Lead type service. As this change matures, we see our revenues stabilizing.

In addition, the financial meltdown of "World Class" banks in the United States and Europe in the third quarter of 2008, and the injection of Government funding to prevent the complete collapse of the financial system has created immediate uncertainty in the business and consumer world. Credit standards for debt assumption was initially frozen and then tightened. Cash available for loans, auto leases, etc has been frozen. The growth in the world economies has fallen dramatically since the third quarter of 2008 reflecting reduced demand for all materials and correspondingly a dramatic price reduction in all commodities.

RecycleNet cannot avoid this business environment and correspondingly has suffered from a reduction in sales activity.

The Company entered into an Affiliate Marketing Agreement with Cooksmill NetSystems, Inc. on January 1, 2008. Through this affiliate marketing agreement, Cooksmill NetSystems, Inc. pays the Company (the "Affiliate") a commission on net Pay-Per-Lead service sales generated by customers referred by the Company's web sites.

## Operating Expenses

	<u>2008</u>	<u>2007</u>
OPERATING EXPENSES	\$576,300	\$904,500

Operating Expenses decreased in 2008 over 2007 by \$328,200. With the erosion of sales revenues, Management has eliminated any unnecessary expenses and re-evaluated which expenses will still be incurred. Sales commissions have decreased by \$78,600, and traveling and convention expenses were curtailed by \$50,900. The balance of the decrease in expense is attributed to reduction of costs in ISP charges by \$5,400, office and administrative expenses by \$28,100, postage of \$4,500, bank service charges by \$2,700, telephone charges by \$8,000, legal and accounting fees by \$9,900, advertising and promotion by \$15,900 and labor charges by \$129,700. Other expenses increased by \$5,500.

Management has "right-sized" or re-aligned our expenditures with the corresponding revenues that were generated throughout the year and will continue to manage our resources in a prudent manner.

During the year ended December 31, 2007, the Company purchased the web domain "scrap.net" and all rights to the name for cash of \$7,669. In comparison, during the year ended December 31, 2008 no web domains were purchased.

The entire purchase price for the website was allocated to the website, which was accounted for as marketing and advertising costs in accordance with Statement of Position No. 98-01. Accordingly, the advertising costs were expensed at the date of acquisition.

Management continues to control these expenses to the best of our abilities under these circumstances. Management continues to expend most of its excess cash on continued development of our website and continues to participate in Regional Trade Shows and Conventions. We feel that this continuing exposure in the marketplace is in the best interest of the Company to continue this presence.

### Net Income (Loss) from Continuing Operations

	<u>2008</u>	<u>2007</u>
Net Income (Loss) from Continuing Operations	\$18,500	\$(46,800)

As discussed above, sales revenues decreased significantly during 2008 compared to 2007. Management was able to reduce expenses accordingly to offset these declining sales and as such show an increase in profit of \$65,300 in comparison to 2007.

The Company engaged in an affiliate marketing agreement with Cooksmill NetSystems, Inc. on January 1, 2008. Through this affiliate marketing agreement, Cooksmill NetSystems, Inc. pays the Company (the "Affiliate") a commission on net Pay-Per-Lead service sales generated by customers referred by the Company's web sites.

We continue, on a more limited basis, to fund expenditures in our "BRANDING" of the "RECYCLENET" name as we feel this is an important long-term objective.

## **Cash Position**

The Company's cash position at December 31, 2008 has decreased to \$41,300, an \$11,100 decrease from the December 31, 2007 balance of \$52,400. In response to the reduced cash flows, management is monitoring its cash position and evaluating expenditures daily.

## **Advances to Related Party**

During the year ended December 31, 2006, the Company advanced an affiliate of the Company \$5,000 with no terms of repayment. Due to the present economic conditions, management has assessed the probability of collecting the repayment of this advance within the next 12 months unlikely. As such, this amount has been written to a bad debt allowance.

As of December 31, 2008, the Company has advanced \$160,900 to Scrap China Corporation. Since Scrap China Corporation's inception in June 2005, the Company has paid certain expenses for travel, management and legal, and accounting expenses on their behalf. These advances are due on demand and bear no interest.

## **Deferred Revenue**

Deferred revenue results from customers who pay for services in advance, such as quarterly, semi-annually, or annually. The Company records the initial payment in deferred revenue and then recognizes sales revenue in each subsequent month in proportion to the services provided.

As of December 31, 2008, deferred revenue amounted to \$57,100 compared with the \$91,500 at December 31, 2007. This decrease is reflective of decreased revenues and the change to "pay-per-lead" and affiliate revenues instead of monthly, quarterly or annual sales.

## **Marketing**

The Company's marketing strategy is designed to strengthen and increase brand awareness, increase customer traffic to the web sites, build customer loyalty, encourage repeat site visitation and develop incremental product and service revenue opportunities.

The Company inventively applies technology to deliver personalized service programs to ensure customer satisfaction and loyalty. The Company's goal is to attract industry decision-makers to its web sites on a regular and consistent basis by developing and providing customer services. The Company's marketing strategy consists of traditional print media advertising, direct and indirect outbound email advertising, Internet advertising, tradeshow participation, trade association partnerships and strategic alliances with other media and related companies and organizations. Due to the Company's experience gained over the past thirteen years, management of the Company believes that the Company benefits from positive "word of mouth" and customer referrals. Every effort is made to achieve frequent communication with, and obtain feedback from, customers to continually improve services and products.

## **Future Plans for Expansion**

The Company plans to continue to sell and support its existing line of information technology products and services and to continue development of its Application Service Provider and E-commerce Business segments. It is management's opinion that its current commercially developed products and services in its Internet Portal services business segment have been tested,

refined and accepted by the industry at large. The Company will continue, with the feedback of its existing customer base, to develop and bring to market additional information technology products and services. The Company intends to continue to increase the market's awareness of the Company's products and services using traditional print and online marketing methods.

The Company's future plans include a program of joint ventures, strategic alliances, and mergers and acquisitions, which management believes will enable the Company to acquire and maintain a dominant position as a business-to-business and business-to-consumer trading resource.

**Off Balance Sheet Arrangements**

None

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a "smaller reporting company" (as defined by Item 10 of Regulation S-K), the Company is not required to provide information required by this Item, as defined by Regulation S-K Item 305(e).

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

RECYCLENET CORPORATION

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# HANSEN, BARNETT & MAXWELL, P.C.

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors  
RecycleNet Corporation

We have audited the consolidated balance sheets of RecycleNet Corporation and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RecycleNet Corporation and subsidiaries as of December 31, 2008 and 2007 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**/s/ HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City, Utah  
March 27, 2009

**RECYCLENET CORPORATON AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

<i>December 31,</i>	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 41,348	\$ 52,364
Trade accounts receivable, net of \$2,500 and \$2,500 respectively of allowance for bad debt	13,213	16,928
Prepaid expenses	6,061	5,621
<b>Total Current Assets</b>	<b>60,622</b>	<b>74,913</b>
<b>Property and Equipment</b>		
Equipment	21,422	21,422
Less: Accumulated depreciation	(12,853)	(8,568)
<b>Net Property and Equipment</b>	<b>8,569</b>	<b>12,854</b>
<b>Related party receivable, net of \$5,000 and \$0 respectively of allowance for bad debt</b>	<b>160,892</b>	<b>151,185</b>
<b>Total Assets</b>	<b>\$ 230,083</b>	<b>\$ 238,952</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Related party accounts payable	\$ 8,702	\$ -
Accrued liabilities	29,494	31,109
Deferred revenue	57,074	91,549
<b>Total Current Liabilities</b>	<b>95,270</b>	<b>122,658</b>
<b>Stockholders' Equity</b>		
Class N convertible shares \$0.01 par value; 70,896,789 shares authorized; 56,800,000 and 56,800,000 Class N shares issued and outstanding, respectively	568,000	568,000
Common shares \$0.01 par value; 179,103,211 shares authorized; 79,091,412 and 79,091,412 shares issued and outstanding, respectively	790,914	790,914
Additional paid-in capital	4,462	4,462
Accumulated deficit	(1,228,563)	(1,247,082)
<b>Total Stockholders' Equity</b>	<b>134,813</b>	<b>116,294</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 230,083</b>	<b>\$ 238,952</b>

The accompanying notes are an integral part of these consolidated financial statements

**RECYCLENET CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

<i>For the Years Ended December 31,</i>	<b>2008</b>	<b>2007</b>
<b>Sales</b>	\$ 594,848	\$ 857,671
<b>Operating Expenses</b>		
Selling, general and administrative expenses	576,329	904,512
<b>Total Operating Expenses</b>	576,329	904,512
<b>Income (Loss) From Continuing Operations</b>	18,519	(46,841)
<b>Discontinued Operations</b>		
Loss from discontinued operations - Oldwebsites.com, Inc	-	(32,935)
Gain from discontinued operations - RecycleNet Ontario	-	2,755
<b>Net Income (Loss)</b>	\$ 18,519	\$ (77,021)
<b>Basic Income (Loss) Per Common Share From</b>		
Continuing Operations	\$ -	\$ -
Discontinued Operations	-	-
<b>Basic Income (Loss) Per Common Share</b>	\$ -	\$ -
<b>Diluted Income (Loss) Per Common Share From</b>		
Continuing Operations	\$ -	\$ -
Discontinued Operations	-	-
<b>Diluted Income (Loss) Per Common Share</b>	\$ -	\$ -
<b>Basic Weighted-Average Common Shares Outstanding</b>	79,091,412	77,897,928
<b>Diluted Weighted-Average Common Shares Outstanding</b>	135,891,412	77,897,928

The accompanying notes are an integral part of these consolidated financial statements

**RECYCLENET CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008**

	Class N Common Shares (and Class X Shares)		Common Shares		Additional Paid-in Capital	Accumulated Deficit	-	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance - December 31, 2006	60,539,259	\$605,393	77,108,214	\$771,082	\$34,315	(\$1,081,225)	-	\$329,565
Conversion of 1,983,198 shares of Class N (and 1,938,198 shares of Class X) to 1,938,198 shares of common stock;	(1,983,198)	(19,832)	1,983,198	19,832	-	-	-	-
Redemption of 1,756,061 Class N (and 1,756,061 Class X) shares;	(1,756,061)	(17,561)	-	-	(29,853)	-	-	(47,414)
Distribution from spin-off of Oldwebsites.com, Inc.	-	-	-	-	-	(48,409)	-	(48,409)
Distribution from sale of RecycleNet Ontario	-	-	-	-	-	(40,427)	-	(40,427)
Net loss for the year ended December 31, 2007	-	-	-	-	-	(77,021)	-	(77,021)
Balance - December 31, 2007	56,800,000	\$568,000	79,091,412	\$790,914	4,462	(1,247,082)	-	116,294
Net income for the year ended December 31, 2008	-	-	-	-	-	18,519	-	18,519
Balance - December 31, 2008	56,800,000	\$568,000	79,091,412	\$790,914	\$4,462	(\$1,228,563)	-	\$134,813

The accompanying notes are an integral part of these consolidated financial statements

**RECYCLENET CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>For the Years Ended Dec 31,</i>	<b>2008</b>	<b>2007</b>
<b>Cash Flows From Operating Activities</b>		
Net income (loss)	\$ 18,519	\$ (77,021)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,285	8,626
Foreign currency exchange loss	-	5,488
Bad debt expense	5,000	-
Changes in assets and liabilities:		
Accounts and other receivables	3,715	15,335
Related party accounts payable	8,702	-
Prepaid expenses	(440)	10,401
Accrued liabilities	(1,615)	(24,697)
Deferred revenue	(34,475)	(32,019)
<b>Net Cash Provided by (Used) in Operating Activities</b>	<b>3,691</b>	<b>(93,887)</b>
<b>Cash Flows From Investing Activities</b>		
Advances to related party	(14,707)	(35,228)
Contribution from spin off of Oldwebsites.com, Inc	-	(51,269)
Cash distributed in sale of RecycleNet Ontario, Inc	-	(42,411)
<b>Net Cash Used In Investing Activities</b>	<b>(14,707)</b>	<b>(128,908)</b>
<b>Cash Flows From Financing Activities</b>		
Redemption of class X and N shares	-	(47,414)
<b>Net Cash Used In Financing Activities</b>	<b>-</b>	<b>(47,414)</b>
<b>Effect of Exchange Rate Changes on Cash</b>	<b>-</b>	<b>7,269</b>
<b>Net Change in Cash</b>	<b>(11,016)</b>	<b>(262,940)</b>
<b>Cash at Beginning of Period</b>	<b>52,364</b>	<b>315,304</b>
<b>Cash at End of Period</b>	<b>\$ 41,348</b>	<b>\$ 52,364</b>

The accompanying notes are an integral part of these consolidated financial statements

**RECYCLENET CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008 AND 2007**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Consolidation** - The accompanying consolidated financial statements include the accounts of RecycleNet Corporation and its wholly-owned subsidiaries Scrap.Net, Inc., Waste.Net, Inc. and Recycle West Network. Inter-company accounts and transactions have been eliminated in consolidation.

On September 7, 2007, the Company did a pro-rata spin-off of all shares of Oldwebsites.com, Inc. owned by the Company to its common shareholders of record. At the completion of the spin-off, Oldwebsites.com, Inc. became its own fully reporting entity and is no longer a wholly owned subsidiary of the Company. On December 31, 2007, the Company sold RecycleNet Corporation (Ontario) to a related party.

Accordingly, the Company has reflected these operations as discontinued and has restated the prior year consolidated financial statements to conform to such presentation.

On November 7, 2007, the Company purchased 15,000,000 common shares of Waste.Net, Inc. for \$9,000. This represents 100% of the issued common shares of Waste.Net, Inc.

Waste.Net was incorporated on August 20, 2007. Waste.Net, Inc. is a network responsible for building and maintaining the branding and awareness for RecycleNet's US recycling portal operations. Waste.Net, Inc. has been divided into 5 regions. The first region, Recycle West Network, was incorporated on August 20, 2007 to represent the states of Texas, New Mexico, Arizona, Nevada, Utah, Colorado, Oregon, Washington, Arkansas, Idaho, Montana, Wyoming, North Dakota, South Dakota and California.

Also on November 7, 2007, the Company purchased 600,000 common shares of Recycle West Network, Inc. for \$60.

On November 14, 2007 Waste.net purchased 3,000,000 common shares of Recycle West Network, Inc. for \$1,500. RecycleNet and Waste.net now control 100% of the common shares issued of Recycle West Network, Inc.

As such, Waste.Net, Inc. and Recycle West Network, Inc. are wholly owned subsidiaries of RecycleNet Corporation (Utah) and these companies are included in the consolidated financial statements of the Company.

**Operations** - The Company is in the business of designing Internet sites, Internet advertising and Internet trading of consumable recyclable goods. The Company has developed web site management, sales management, search, customer interaction, and transaction processing systems using a combination of proprietary custom designed technologies and commercially available licensed technologies. The Company designs web systems and flexible databases which allow for the addition, modification, or replacement of web site content. The Company provides Internet hosting facilities and redundant high speed Internet connectivity. The Company has developed its own content and web site management tools to facilitate the maintenance and updating of its web sites.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial

statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Fair Values of Financial Instruments** - Due to their near-term nature, the amounts reported as trade accounts receivable, advances to related party, related party accounts payable, accrued liabilities and deferred revenues are considered to be reasonable approximations of their fair values.

**Accounts Receivable** - The Company provides an allowance for doubtful accounts equal to the estimated collection losses that could be incurred in collection of all receivables. The estimated losses are based on historical collection experience coupled with review of the current status of existing receivables. Allowance for doubtful accounts for December 31, 2008 and 2007 was \$2,500 and \$2,500, respectively.

**Equipment** - Equipment is stated at cost. Maintenance and repairs of equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition, the cost and accumulated depreciation are eliminated from the accounts and a gain or loss is included in operations. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment, which are three to five years. Depreciation expense was \$4,285 and \$8,626 for the years ended December 31, 2008 and 2007, respectively. Computer software costs incurred for internal use are expensed as incurred during the preliminary evaluation stage, are capitalized during the acquisition and development stage, and are expensed during the operation stage, including training and maintenance. Capitalizable software development costs for internal use were not material for the years ended December 31, 2008 and 2007.

**Revenue Recognition** - Revenue from services are recognized as the services are provided. Website advertising services are charged on a monthly or Pay-Per-Lead basis without guarantee of the number of customers viewing the web site. Revenues from the Internet portal services business are derived from individual custom packages that include any combination of the following services: subscription fees, credit package bundles that are used in the Pay-Per-Lead services, HTML linking services, advertising, and web page construction. The Company's Pay-Per-Lead service is designed so that the customer can buy the information that is of value to them instead of paying a monthly or annual fee. With respect to the Internet portal sites that facilitate e-commerce trading, the Company only charges a fee for services that are provided to customers. The Company does not charge sellers or buyers a percentage of the value of their transactions nor does the Company charge a back-end fee. Customer payments received in advance of providing services are recorded as deferred revenue and are then recognized proportionately as services are performed.

The Company engaged in an affiliate marketing agreement with Cooksmill NetSystems, Inc. on January 1, 2008. Through this affiliate marketing agreement, Cooksmill NetSystems, Inc. pays the Company (the "Affiliate") a commission on net Pay-Per-Lead service sales generated by customers referred by the Company's web sites.

**Advertising Costs** - Advertising costs are charged to expense in the period incurred. Advertising expense for the years ended December 31, 2008 and 2007 was \$124 and \$16,023 respectively.

**Recent Accounting Pronouncements** - In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard Number 157, *Fair Value Measurements*, (SFAS 157) which defines fair value, establishes a framework for measuring fair value in generally accepted

accounting principles and expands disclosures about fair value measurements. The provisions of SFAS No. 157 related to financial assets and financial liabilities were effective during 2008. With respect to certain nonfinancial assets and nonfinancial liabilities, SFAS No. 157 is effective for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Company does not expect that the adoption of SFAS No. 157 with respect to nonfinancial assets and nonfinancial liabilities will have a material impact on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. SFAS No. 161 amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* to require enhanced disclosures concerning the manner in which an entity uses derivatives (and the reasons it uses them), the manner in which derivatives and related hedged items are accounted for under SFAS No. 133 and interpretations thereof, and the effects that derivatives and related hedged items have on an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements of fiscal years and interim periods beginning after November 15, 2008. The Company has not yet determined the effects on its consolidated financial statements, if any, that may result upon the adoption of SFAS 161.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, and SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements*. SFAS No. 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated financial statements, consolidated net income shall be adjusted to include the net income attributed to the non-controlling interest and consolidated comprehensive income shall be adjusted to include the comprehensive income attributed to the non-controlling interest. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company has not yet determined the effect on our consolidated financial statements, if any, upon adoption of SFAS No. 141(R) or SFAS No. 160.

In May 2008, the FASB issued SFAS 162, *The Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented in conformity with GAAP. The current GAAP hierarchy has been criticized because it is directed to the auditor rather than the entity, it is complex, and it ranks FASB Statements of Financial Accounting Concepts, which are subject to the same level of due process as FASB Statements of Financial Accounting Standards, below industry practices that are widely recognized as generally accepted but that are not subject to due process. The Board believes the GAAP hierarchy should be directed to entities because it is the entity (not its auditors) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. The adoption of FASB 162 is not expected to have a material impact on the Company's financial statements.

**Basic and Diluted Income (Loss) per Common Share** - Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding. Diluted income per common share

is calculated by dividing net income by the weighted-average number of Class N shares and common shares outstanding to give effect to potentially issuable common shares, except during loss periods when those potentially issuable shares are anti-dilutive. At December 31, 2007, the Company had 56,800,000 Class N shares outstanding that were excluded from the calculation of diluted loss per share. The shares used in the computation of basic and diluted income (loss) per common share for the year ended December 31, 2008 and 2007 are as follows:

<i>For the Years Ended December 31,</i>	<b>2008</b>	<b>2007</b>
Weighted-average number of common shares used in basic income (loss) per common share calculation	79,091,412	77,897,928
Incremental potentially issuable common shares from assumed conversion of Class N common shares	56,800,000	-
Weighted-average number of common shares and dilutive potential common shares used in diluted income (loss) per common share calculation	135,891,412	77,897,928

#### **NOTE 2 - ACQUISITIONS**

On November 7, 2007, the Company purchased 15,000,000 common shares of Waste.Net for \$9,000. This represents 100% of the issued common shares of Waste.Net, Inc.

Also on November 7, 2007, the Company purchased 600,000 common shares of Recycle West Network, Inc for \$60.

On November 14, 2007 Waste.net purchased 3,000,000 common shares of Recycle West Network, Inc for \$1,500. RecycleNet and Waste.net now control 100% of the common shares issued of Recycle West Network, Inc.

**Domain Names** - During the year ended December 31, 2007, the Company purchased the web domain "scrap.net" and all rights to the name for cash of \$7,669. The entire purchase price for this website was allocated to the website which was accounted for as marketing and advertising costs in accordance with Statement of Position No. 98-01. Accordingly, the advertising costs were expensed at the date of acquisition.

#### **NOTE 3 - RELATED PARTY TRANSACTIONS**

**Related Party Receivable** - At various times during 2008 and 2007, the Company paid expenses on behalf of Scrap China Corporation, resulting from travel, management, legal and accounting expenses. Additional funds, if required, will be provided by the Company and will be treated as an advance to a related party. These advances are due on demand and bear no interest. At December 31, 2008 and 2007, amounts due from Scrap China totaled \$160,892 and \$146,185, respectively.

During the year ended December 31, 2006, the Company advanced an affiliate of the Company \$5,000 with no terms of repayment. Due to the present economic conditions, management has assessed the probability of collecting the repayment of this advance within the next 12 months unlikely. As such, this amount has been written to a bad debt allowance.

**Service Agreements** - The Company has an agreement with Inter-Continental Recycling, Inc. and its wholly owned subsidiary Cooksmill NetSystems, Inc. to provide various services for the Company. Inter-Continental Recycling, Inc.,

and as such Cooksmill NetSystems, Inc., is 100% owned by the immediate family of the President of the Company. The Company is billed monthly for services supplied for internet service provider fees, merchant services and management and sales activities, which vary monthly based on the activity level. The charges for these services for the year ended December 31, 2008 and 2007 were \$235,198 and \$425,496, respectively and are discussed further below.

As part of this agreement, Cooksmill NetSystems Inc. provides Rhodium Webweaver Services to the Company for website management and e-commerce software (ISP) and the fees for these services are billed to the Company on a monthly basis. The Rhodium Webweaver Services (ISP) charges for the year ended December 31, 2008 and 2007 were \$24,000 and \$29,443, respectively.

All management and staff are retained on an unwritten contract basis under a related party transaction with Inter-Continental Recycling, Inc. Because of the affiliation between Inter-Continental and the Company, the agreement between them has no definite duration and will continue as necessary for the conduct of business by the Company. Inter-Continental assigns and provides employees to the Company as long as the Company requires them and can pay the associated costs. Inter-Continental provides services to and for the Company by employees of Inter-Continental. There is no mark-up or other charge incurred by the Company from Inter-Continental and the Company pays the same amount for services for the Inter-Continental employee's as does Inter-Continental. The management/staff charges for year ended December 31, 2008 and 2007 were \$204,278 and \$333,947, respectively.

Inter-Continental Recycling, Inc. and the Company are also engaged in a merchant services agreement. On behalf of Inter-Continental Recycling, Inc. the Company operates, maintains, bills and collects payments for services offered on web sites owned by Inter-Continental Recycling, Inc. The Company then issues payment to Inter-Continental Recycling, Inc. for an agreed upon rate. The commissions paid and recorded by the Company for this merchant service agreement with Inter-Continental Recycling, Inc. for the year ended December 31, 2008 and 2007 were \$6,920 and \$62,106, respectively.

The Company is engaged in an affiliate marketing agreement with Cooksmill NetSystems, Inc. as of January 1, 2008. Through this affiliate marketing agreement, Cooksmill NetSystems, Inc. pays the Company (the "Affiliate") a commission on net Pay-Per-Lead service sales generated by customers referred by the Company's web sites. Revenue recorded under the affiliate marketing agreement was \$24,841 and \$0 for the years ended December 31, 2008 and 2007, respectively.

The Company has office space in a facility owned by the President of the Company. For the year ended December 31, 2008 and 2007, rent expense was \$2,400 and \$2,245, respectively.

Under the terms of a distribution rights agreement related to the Rhodium WebWeaver TurnKey E-Commerce system, the Company is obligated to pay Mr. Roszel, the President of the Company, a \$1,000 royalty payment for each Rhodium WebWeaver license the Company is able to secure. For the years ended December 31, 2008 and 2007, no royalty payments were required under this agreement.

#### **NOTE 4 - STOCKHOLDERS' EQUITY**

The Company is authorized to issue 250,000,000 common shares with a par value of \$0.01 per share. The board of directors is authorized to designate one or more series within the class of common shares and to designate relative preferences, limitations and rights. The Board has designated 70,896,789

common shares as Class N shares. The Class N shares have voting rights of one vote per share and are non-equity participating. The Class N shares are convertible into common shares on the basis of one Class N share into one common share of the Company, solely at the option of the holders.

In August and September 2007, 1,983,198 Class X/N shares were converted by shareholders into 1,983,198 common shares of RecycleNet Corporation. A shareholder is entitled to convert one Class X share along with one Class N share into one Common share of the Corporation at no cost to the shareholder. After the conversion, the Company had 58,556,061 class X/N shares outstanding.

In September 2007, 1,756,061 Class X/N shares were redeemed by shareholders for \$47,414 cash. After the redemption, the Company had 56,800,000 class X/N shares outstanding.

As further discussed in Note 6, the Company approved a pro-rata spin-off of Oldwebsites.com, Inc. in September 2007, recognizing a distribution to shareholders of \$48,409.

As further discussed in Note 6, the Company sold RecycleNet Corporation (Ontario) to a related party and recognized a distribution to shareholders of \$40,427.

**NOTE 5 - INCOME TAXES**

Deferred tax assets are comprised of the following at December 31, 2008 and 2007:

<i><b>For the years ended December 31,</b></i>	<b>2008</b>	<b>2007</b>
Operating Loss Carry Forward	\$ 313,426	\$ 339,453
Valuation Allowance	(313,426)	(339,453)
<b>Total Deferred Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

The Company had no income tax expense for the years ended December 31, 2008 and 2007.

The following is a reconciliation of the amount of expense that would result from applying federal statutory rates to pretax income (loss) with the provision for income taxes for the years ended December 31:

<i><b>For the years ended December 31,</b></i>	<b>2008</b>	<b>2007</b>
Tax at federal statutory rates (34%)	\$ 6,296	\$ (27,126)
Non-deductible expenses	479	-
Benefit of operating loss carryforward	(9,252)	-
Net operating losses distributed in spin-off and sale	-	43,944
Expiration of net operating losses	(19,813)	(77,890)
Other changes in the valuation allowance	21,678	60,653
State Benefit, net of federal tax	612	(1,005)
Effect of actual tax rates lower than statutory rate	-	(203)
Effect of exchange rate changes	-	1,627
<b>Provision for Income Taxes</b>	<b>\$ -</b>	<b>\$ -</b>

The Company has federal operating loss carry forwards of \$835,284 that expire from 2009 through 2028. The use of operating loss carry forwards are limited and may not be available to offset future income.

**NOTE 6 - DISCONTINUED OPERATIONS**

On June 6, 2007, the Board of Directors approved a pro-rata spin-off of all shares of Oldwebsites.com, Inc. effective September 7, 2007. The common shareholders of RecycleNet received one share of Oldwebsites.com, Inc. for every ten shares of RecycleNet common stock. The Board of Directors of RecycleNet decided to distribute the Oldwebsites.com, Inc. shares to the RecycleNet shareholders to benefit its shareholders and to separate the different lines of business. At September 7, 2007, Oldwebsites.com, Inc. had common stock of \$131,927 and accumulated losses of \$83,518. This spin-off of Oldwebsites.com, Inc. resulted in the shareholders of the Company assuming the common stock and accumulated losses of Oldwebsites.com, Inc. and the Company recorded a distribution to shareholders in the amount of \$48,409. The discontinued operations of Oldwebsites.com, Inc. for the year ended December 31, 2007 are as stated below.

On December 31, 2007, the Company sold its RecycleNet Corporation (Ontario) operations to Inter-Continental Recycling Inc., a related party. Inter-Continental Recycling Inc. assumed the outstanding debt of \$138,019 owed by RecycleNet Corporation (Utah) to RecycleNet Corporation (Ontario) in exchange for 100% of the issued and outstanding common shares of RecycleNet Corporation (Ontario) held by RecycleNet Corporation (Utah). At December 31, 2007, RecycleNet (Ontario) had common stock of \$3 and accumulated losses of \$458,674. As a result of the sale, the Company recognized a distribution to shareholders in the amount of \$40,427. The discontinued operations of RecycleNet Corporation (Ontario) for the year ended December 31, 2007 are as stated below.

A summary of the results from discontinued operations for the years ended December 31, 2008 and 2007 are as follows:

	2008	2007
	-----	-----
<b>Oldwebsites.com, Inc.</b>		
Net revenue	\$ -	\$ 3,129
Operating expenses	-	(36,064)
	-----	-----
Loss from operations	-	(32,935)
	-----	-----
Net loss	\$ -	\$ (32,935)
	=====	=====
	2008	2007
	-----	-----
<b>RecycleNet Corporation (Ontario)</b>		
Net revenue	\$ -	\$ 79,698
Operating expenses	-	(76,943)
	-----	-----
Income from operations	-	2,755
	-----	-----
Net income	\$ -	\$ 2,755
	=====	=====

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

None.

**Item 9A(T). CONTROLS AND PROCEDURES**

**Evaluation of disclosure controls and procedures.**

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

**Management's Report on Internal Control over Financial Reporting.**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. The Company's management has concluded that, as of December 31, 2008, the Company's internal control over financial reporting is effective based on these criteria.

**Changes in internal control over financial reporting.**

There was no change in the Company's internal control over financial reporting that occurred during the year ended December 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Part III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

The directors and officers of the Company are as follows:

Name	Age	Position	Term of Office
Paul Roszel	52	Chairman of the Board, President	Inception to Present
Richard R. Ivanovick C.A.	68	Chief Financial Officer,	03/99 to Present
Keith A. Deck	72	Director	06/00 to Present

Paul Roszel has been involved with the Company since 1988. Mr. Roszel has over 25 years of hands on experience in the recycling industry. He has been actively involved in the development and implementation of collection, processing, transportation and sales/marketing programs for secondary commodities.

Richard R. Ivanovick C.A. joined the Company in November 1998. For the past 30 years, Mr. Ivanovick has been serving as President of Marsh Tire Service Ltd., Ontario, Canada, a company involved in automobile service, sales and leasing of automobiles, in the Guelph, Ontario area.

Keith A. Deck is a retired executive with experience in the Automotive and Electrical Manufacturing areas of business. From 1989 to 1999 Mr. Deck was the General Manager of the Rocktell and Autocom plant operations of Linamar Corporation in Guelph, Ontario Canada. Linamar Corporation is a publicly traded company on the Toronto Stock Exchange in Canada.

Each of these persons owns, directly or indirectly, common shares of the Company. Mr. Roszel also owns, directly or indirectly, class N shares of the Company, which are convertible into common shares on a one-to-one basis, as detailed in the following schedules found in Item 11.

#### **Indemnification of Directors and Officers**

Section 16-10a-901 through 909 of the Utah Revised Business Corporation Act authorizes a corporation's board of directors or a court to award indemnification to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred, including counsel fees) arising under the Securities Act of 1933. A director of a corporation may only be indemnified if: (1) the conduct was in good faith; and (2) the director reasonably believed that the conduct was in or not opposed to the corporation's best interest; and (3) in the case of any criminal proceeding, the director had no reasonable cause to believe the conduct was unlawful. A corporation may not indemnify a person under the Utah Act unless and until the corporation's board of directors has determined that the applicable standard of conduct set forth above has been met.

The Company's Articles of Incorporation do not provide for any additional or different indemnification procedures other than those provided by the Utah Act, nor has the Company entered into any indemnity agreements with its current directors and officers regarding the granting of other or additional or contractual assurances regarding the scope of the indemnification allowed by the Utah Act. At present, there is no pending litigation or proceeding involving a director, officer or employee of the Company regarding which indemnification is sought, nor is the Company aware of any threatened litigation that may result in claims or indemnification. The Company has not obtained director's and officer's liability insurance, although the board of directors of the Company may determine to investigate and, possibly, acquire such insurance in the future.

#### **Involvement in Certain Legal Proceedings**

**None**

#### **Promoters of the Company**

The promoter of the Company is Mr. Paul Roszel. Prior to the incorporation of RecycleNet Corporation (Ontario), Paul Roszel developed the concept of the electronic dissemination of the information described above. In so doing, Mr.

Roszel acquired the domain name, the web sites and the web pages described herein. Upon the incorporation of RecycleNet Corporation (Ontario), in consideration for his services and expertise in developing the web sites and pages, Mr. Roszel transferred ownership of these items to the corporation for shares. As of November 1999, after the March 19, 1999 merger reorganization, the number of Class N Shares issued by the corporation to Mr. Roszel and his related corporation, for the above services and expertise, totaled 61,559,581.

**ITEM 11. EXECUTIVE COMPENSATION**

The following table shows compensation earned during the fiscal years 2008 and 2007 by the Officers and Directors of the Company. They are the only persons who received compensation during those periods. No other miscellaneous compensation was paid or stock options granted during those periods.

Summary Compensation Table

Name & Principal Positions	Fiscal Year	Salary
Paul Roszel, President & Chairman	2008	\$80,482
	2007	\$79,711
Richard R. Ivanovick, CFO (Note 1)	2008	\$37,764
	2007	\$37,428
Keith A. Deck, Director (Note 1)	2008	\$NIL
	2007	\$NIL

NOTE 1: During the years ended December 31, 2008 and 2007 Richard R Ivanovick, CFO was paid for consulting services of \$37,764 and 37,428, respectively. Keith A Deck did not receive any funds in the year ended December 31, 2008 or for the year ended December 31, 2007. Subsequent to December 31, 2003, neither had drawn any salary or benefits.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS**

The following tables sets forth, as of the date herein, the share ownership of each person known by the Company to be the beneficial owner of 5% or more of the Company's shares, each officer and director individually and all directors and officers of the Company as a group.

Title of Class (Note 1)	Name & Address of Beneficial Owner (Note 1)	Amount, Nature & Percentage of Beneficial Ownership (on a fully converted basis)	
Class N	Inter-Continental Recycling, Inc. (Note 2 & 3) 7 Darren Place Guelph, Ontario Canada	56,800,000 shares (voting)	100.00%
Class N	Paul Roszel (Note3) 7 Darren Place Guelph, Ontario Canada	no shares (voting)	0.00%
Class N	Richard R. Ivanovick 23 Cottontail Place	no shares (voting)	0.00%

Cambridge, Ontario Canada

Class N	Keith A. Deck 46 Sherwood Dr. Guelph, Ontario Canada	no shares (voting)	0.00%
Common	Inter-Continental Recycling, Inc. (Note 2 & 3) (see above address)	39,821,121 shares (voting)	50.35%
Common	Paul Roszel (Notes 2 & 3) (see above address)	3,344,130 shares (voting)	4.23%
Common	Richard R. Ivanovick C.A. (see above address)	4,105,622 shares (voting)	5.19%
Common	Keith A. Deck see above address)	812,004 shares (voting)	1.03%

Note (1) Class N shares are convertible into common shares on a one for one basis. As of December 31, 2008, there were 56,800,000 Class N shares outstanding. At the same date, there were 79,091,412 common shares outstanding. The percentages in the above table are for the particular class.

Note (2) Inter-Continental Recycling Inc. is owned and beneficially held by Mr. Paul Roszel, a director of the Company, and his immediate family.

Note (3) Mr. Roszel may be deemed to be a beneficial owner of the 56,800,000 Class N shares held by Inter-Continental Recycling, Inc.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The Company has an agreement with Inter-Continental Recycling, Inc., an Ontario Corporation with its head office address at 7 Darren Place, Guelph Ontario. Inter-Continental Recycling, Inc. is controlled 100% by Mr. Paul Roszel and his immediate family. Inter-Continental Recycling Inc. operates a pool of qualified personnel, working on development projects, computer programming updates and sales activities for various companies. From this pool of personnel, Inter-Continental assigns and provides employees to the Company as long as the Company requires them and can pay the associated costs.

RecycleNet Corporation is billed on average \$2000 monthly for direct costs for web hosting fees and utilization of bandwidth. It is also billed monthly for services supplied directly for management and sales activities, which vary monthly based on the activity level.

Inter-Continental Recycling Inc. owns 56,800,000 Class N shares and 39,821,121 common shares of RecycleNet Corporation. Inter-Continental owned approximately 94.9% of the outstanding shares in RecycleNet Corporation (Ontario) at the time of the reorganization between RecycleNet and Garbalizer Machinery Corporation in April, 1999. It then exchanged its equity interest in RecycleNet (Ontario) for Class X shares in RecycleNet (Ontario) and an equal number of Class N shares in RecycleNet (Utah), which are convertible into common shares of RecycleNet (Utah).

Mr. Paul Roszel through his holdings also controls the majority of the shares in RecycleNet Corporation (Utah).

There are no other transactions during 2008, or proposed transactions, between the Company and any director or officer or greater than 5% shareholder in which such persons had or is to have a direct or indirect material interest. The Company has no stock options, option plans or other incentive compensation plans at the present time, although the Company anticipates that it may adopt incentive compensation plans in the future. Further, the Company has no formal management or employment agreements with any of its officers, directors or other employees.

The Company intends to enter into agreements in the future with other companies or entities to process credit card merchant transactions, for which the Company will receive a fee. Officers, directors and greater than 5% shareholders of the Company may have a direct or indirect interest in future potential businesses or entities in the recycling industry.

The Company has an agreement with Inter-Continental Recycling, Inc. to provide various services for the Company. Inter-Continental Recycling, Inc. is owned 100% by the immediate family of the President of the Company. The Company is billed monthly for services supplied for management and sales activities, which vary monthly based on the activity level. The charges for these services for the years ended December 31, 2008 and 2007 were \$235,198 and \$425,496 respectively.

As of December 31, 2008, the Company had advanced \$160,892 to Scrap China Corporation. This resulted from expenses incurred for travel, management and legal and accounting expenses paid on behalf of Scrap China Corporation. Additional funds, if required, will be provided by the Company and will be treated as an advance to a related party. These advances are due on demand and bear no interest.

#### **Promoters of the Company**

The promoter of the Company is Mr. Paul Roszel. Prior to the incorporation of RecycleNet Corporation (Ontario), Paul Roszel developed the concept of the electronic dissemination of the information described above. In so doing, Mr. Roszel acquired the domain name, the web sites and the web pages described herein. Upon the incorporation of RecycleNet Corporation (Ontario), in consideration for his services and expertise in developing the web sites and pages, Mr. Roszel transferred ownership of these items to the corporation for shares. As of November 1999, after the March 19, 1999 merger reorganization, the number of Class N Shares issued by the corporation to Mr. Roszel and his related corporation, for the above services and expertise, totaled 61,559,581.

#### **Description of Securities**

The Company has authorized 250,000,000 common shares, par value \$.01, of which 79,091,412 common shares were issued and outstanding at December 31, 2008 and 56,800,000 Class N voting, non-equity shares were outstanding at December 31, 2008. The Class N voting, non-equity shares are convertible on a one for one basis into common shares of the Company, RecycleNet Corporation (Utah).

Upon surrender of one Class N share the Company will issue one common share of the Company and the Class N share will be cancelled. Subject to the foregoing, the owners of outstanding common shares of the Company are entitled to receive dividends out of assets legally available therefore at such times and in amounts as the directors of the Company may determine. Each

shareholder of common and each shareholder of Class N shares is entitled to one vote for each common share or Class N share held on all matters submitted to a vote of shareholders.

Cumulative voting for the election of directors is not provided for in the Company's amended Articles of Incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election. The voting shares are not entitled to preemptive rights and are not subject to conversion or redemption. Upon a liquidation, dissolution or winding-up of the Company, the assets legally available for distribution to stockholders are distributable equally among the holders of the shares after payment of claims of creditors. Each outstanding share is, and all shares that may be issued in the future, will be fully paid and non-assessable.

There are no provisions in the amended Articles of Incorporation of the Company that would delay, defer, or prevent a change in control of the Company. The Company has no debt securities issued and the Company does not contemplate issuing any in the near future.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Hansen, Barnett & Maxwell, P.C. served as the Company's Independent Registered Public Accountants for the years ended December 31, 2008 and 2007, and is expected to serve in that capacity for the current year. Principal accounting fees for professional services rendered for the Company by Hansen, Barnett & Maxwell, P.C. for the years ended December 31, 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Audit Fees	\$ 25,900	\$ 22,500
Audit related		1,750
Tax	<u>2,100</u>	<u>1,300</u>
Total	<u>\$ 28,000</u>	<u>\$ 25,550</u>

**Audit Fees.** Audit fees were for professional services rendered in connection with the Company's annual financial statement audits and quarterly reviews of financial statements and review of, and preparation of, consents for registration statements for filing with the Securities and Exchange Commission.

**Tax Fees.** Tax fees related to services for tax compliance and consulting.

**Audit Committee Pre-Approval Policies and Procedures.** At its regularly scheduled and special meetings, the Audit Committee of the Board of Directors, which is comprised of independent directors knowledgeable of financial reporting, considers and pre-approves any audit and non-audit services to be performed by the Company's independent accountants. The Audit Committee has the authority to grant pre-approvals of non-audit services.

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

**Exhibit Description**

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- 20 Consent Resolution dated June 7, 2007.  
Filed on June 7, 2007
- 20 Consent Resolution dated November 24, 2005.  
Filed on November 30, 2005

**INDEX TO EXHIBITS**

**Exhibit Description**

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- 2 Stock Exchange Agreement as an exhibit to Form 10-SB are hereby incorporated by reference. Filed on April 4, 2001.
- 3.1 Articles of Incorporation filed as an exhibit to Form 10-SB are hereby incorporated by reference. Filed on December 8, 1999.
- 3.2 By-laws filed as an exhibit to Form 10-SB, Amendment No. 5 are hereby incorporated by reference. Filed on March 7, 2000.
- 10 Material Contracts
- (a) Agreement between RecycleNet Corporation and Paul Roszel as an exhibit to Form 10-SB, Amendment No. 6 are hereby incorporated by reference. Filed on April 12, 2001.
- (b) Agreement between RecycleNet Corporation and fiberglass.com, inc. as an exhibit to Form 10-SB, Amendment No. 6 are hereby incorporated by reference. Filed on April 12, 2001.
- (c) Agreement between RecycleNet Corporation and metalworld.com, inc. as an exhibit to Form 10-KSB hereby incorporated by reference. Filed on April 16, 2001
- 31.1 Chief Executive Officer Certification under Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Chief Financial Officer Certification under Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Chief Executive Officer Certification under Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Chief Financial Officer Certification under Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RECYCLENET CORPORATION

March 31, 2009

BY:

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Paul Roszel, Chairman of the Board of Directors  
March 31, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934,, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 31, 2009

BY:

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Paul Roszel, Chairman of the Board of Directors

March 31, 2009

BY:

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Richard R. Ivanovick, C.A., CFO