

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**

**INTERIM FINANCIAL STATEMENTS**

March 31, 2014

(Unaudited)

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**  
**INTERIM BALANCE SHEETS**  
(Unaudited)

	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
Current:		
Cash	\$ 8,147	\$ 3
<b>TOTAL ASSETS</b>	<b>\$ 8,147</b>	<b>\$ 3</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current:		
Accounts payable	\$ 86,482	\$ 91,380
Accounts payable - related party	116,294	121,348
Accrued interest - related party	364,516	345,406
Accrued interest	548	-
Loans payable	50,000	-
Loans and convertible notes payable- related party	795,465	814,626
<b>TOTAL LIABILITIES</b>	<b>1,413,305</b>	<b>1,372,760</b>
Stockholders' deficit:		
Capital Stock		
Class A Convertible Preferred stock, \$0.001 par value 10,000,000 authorized, 198,000 outstanding	198	198
Class B Preferred stock, \$0.001 par value 10,000,000 authorized, none outstanding	-	-
Common stock, \$0.001 par value 100,000,000 authorized 35,159,391 issued and outstanding	35,159	35,159
Additional paid-in capital	11,808,733	11,808,733
Accumulated deficit	(13,249,248)	(13,216,847)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(1,405,158)</b>	<b>(1,372,757)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 8,147</b>	<b>\$ 3</b>

The accompanying notes are an integral part of these unaudited financial statements.

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**  
**INTERIM STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three months ended March 31,	
	2014	2013
<b>General and Administrative Expenses</b>		
Accounting and audit fees	\$ 13,500	\$ 1,367
Communications	240	1,340
Consulting fees	-	1,196,511
Interest	19,658	17,303
Legal fees	344	50
Management fees	6,302	116,850
Office and general	142	256
Regulatory fees	666	1,914
Transfer agent fees	375	680
<b>Operating loss</b>	<b>(41,227)</b>	<b>(1,336,271)</b>
Gain (loss) on foreign exchange	8,826	(547)
Loss on settlement of payables	-	(1,364,757)
<b>Net loss for the period</b>	<b>\$ (32,401)</b>	<b>\$ (2,701,575)</b>
<b>Basic and diluted loss per share</b>	<b>\$(0.00)</b>	<b>\$(0.09)</b>
<b>Weighted average common shares outstanding</b>	<b>35,159,391</b>	<b>30,502,678</b>

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**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Three months ended March 31,	
	2014	2013
<b>Operating Activities</b>		
Net loss for the period	\$ (32,401)	\$ (2,701,575)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on settlement of payables	-	1,364,757
Unrealized foreign exchange loss (gain)	(2,707)	390
Stock-based compensation	-	1,302,110
Changes in non-cash item:		
Accounts payable	(4,898)	(11,589)
Accounts payable- related party	(5,054)	(17,196)
Accrued interest	19,658	17,303
<b>Net cash used in operating activities</b>	<b>(25,402)</b>	<b>(45,800)</b>
<b>Financing Activities</b>		
Proceeds from loans	50,000	71,500
Repayment of loans	(16,454)	(27,091)
<b>Net cash provided by financing activities</b>	<b>33,546</b>	<b>44,409</b>
Change in cash during the period	8,144	(1,391)
Cash, beginning of the period	3	1,937
Cash, end of the period	\$ 8,147	\$ 546
<b>Non-cash financing and investing activities:</b>		
Shares issued for conversion of debt	\$ -	\$ 367,434
<b>Supplementary disclosure of cash flows:</b>		
Cash paid for Interest	\$ -	\$ -

The accompanying notes are an integral part of these unaudited financial statements.

# STRATEGIC INTERNET INVESTMENTS, INCORPORATED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2014

(Unaudited)

### 1. Basis of Presentation

The accompanying unaudited interim financial statements have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included. Such adjustments consist of normal recurring adjustments. These interim financial statements should be read in conjunction with the annual audited financial statements of the Company for the fiscal year ended December 31, 2013, included in the Company's 10-K Annual Report as filed with the United States Securities and Exchange Commission.

The results of operations for the period ended March 31, 2014 are not indicative of the results that may be expected for the full year.

During the quarter ended June 30, 2014, the Company has elected to early adopt Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allows the company to remove the inception to date information and all references to development stage.

### 2. Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At March 31, 2014, the Company had not yet achieved profitable operations, has an accumulated deficit of \$13,249,248 since its inception, has a working capital deficiency of \$1,405,158 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. Management anticipates that it requires approximately \$95,000 over the twelve months ended March 31, 2015 to continue operations as well as the Company estimates it will accrue interest expenses of \$80,000 over the next 12 months on loans due to related parties. In addition to funding the Company's general, administrative and corporate expenses the Company is obligated to address its current obligations totalling \$1,413,305. To the extent that cash needs are not achieved from operating cash flow and existing cash on hand, the Company will be required to raise necessary cash through shareholder loans, equity issuances and/or other debt financing. Amounts raised will be used to continue the development of the Company's investment activities, and for other working capital purposes.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances; however there is no assurance of additional funding being available. The Company has historically satisfied its capital needs primarily by issuing equity securities. Management plans to continue to provide for its capital needs during the twelve months ended March 31, 2015, by issuing equity securities and/or related party advances.

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2014

(Unaudited)

3. Loans Payable- Related Party

	March 31, 2014	December 31, 2013
a) Loan payable to a company controlled by a director of the Company plus accrued interest of \$12,899 (2013 - \$12,332). The loan is unsecured, bearing interest at 12% per annum and is repayable on demand.	\$ 6,802	\$ 6,802
b) Loans payable to companies controlled by directors of the Company. The loans are unsecured, non-interest bearing, and repayable upon demand.	369,689	388,849
c) Loan payable to a company controlled by a director of the Company, plus accrued interest payable of \$141,175 (2013 - \$133,837), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. Each warrant is exercisable for a period of 2 years from the date of conversion at a price ranging from \$0.05 to \$0.23. The principal sum of \$163,766 may be converted into 2,320,858 units. Conversion of these loans and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from \$0.05 to \$0.23. Upon conversion of this loan, the \$73,685 fair value of the warrants will be recognized as an interest expense and credited to additional paid-in capital.	163,765	163,766
d) Loan payable to a company controlled by a director of the Company, plus accrued interest of \$210,442 (2013 - \$199,237), pursuant to a Convertible Loan Agreement. The loan is unsecured, bearing interest at 10% per annum and is repayable on demand. The lender may at anytime convert the principal sum into units of the Company. Each unit will consist of one common share plus one common share purchase warrant. Each warrant is exercisable for a period of 2 years from the date of conversion at a price ranging from \$0.05 to \$0.12. The principal sum of \$255,209 may be converted into 4,526,436 units. Conversion of this loan and resulting associated warrants to equity will be based on the conversion price set at the time the principal amount was drawn ranging from \$0.05 to \$0.12. Upon conversion of this loan, the \$113,338 fair value of the warrants will be recognized as an interest expense and credited to additional paid-in capital.	255,209	255,209
	\$ 795,465	\$ 814,626

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

March 31, 2014

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4. Convertible Note

The Company entered into a convertible note agreement for \$50,000. This loan is unsecured, bearing interest at 10% per annum, and is repayable at maturity on January 7, 2015. At any time prior to maturity, the lender may convert the principle amount of the loan into units of the Company, each unit consisting of one common share and one non-transferable share purchase warrant, at a conversion rate of \$0.20 per unit. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years from the warrant issue date, at an exercise price of \$0.20 during the first year, and \$0.35 during the second year. As of June 30, 2014, \$548 was accrued in interest on the note.

5. Capital Stock

2014

No shares were issued during the period ended March 31, 2014.

2013

During the period ended March 31, 2013, the Company issued common shares as follows:

- a) The Company issued 2,300,000 common shares for services to various consultants valued at \$951,000.
- b) On February 19, 2013 the Company issued a total of 5,249,065 common shares at \$0.33 per share as settlement of accounts payable due to a director and a company controlled by a director in respect of unpaid management and consulting fee debts totaling \$350,214, plus a \$17,220 debt owed to an arm's length creditor. Of the accounts payable settled, \$321,057 was pursuant to two Management Services Agreements with related parties. The settlement of accounts payable totaling \$367,434 resulted in a loss on settlement of payables in the amount of \$1,364,757. The accounts payable settlement included: \$165,020 due to a director for a previous year's management fees; \$185,194 due to a company controlled by a director for previous year's management fees, consulting fees, and office expenses, plus a \$17,220 debt owed to an arm's length creditor.

6. Related Party Transactions

At March 31, 2014, accounts payable includes \$116,294 (2013 - \$121,348) due to directors, a company controlled by a director of the Company, and a company with directors in common, in respect of unpaid management fees, expenses incurred on behalf of the Company, and operating costs paid on behalf of the Company.

At March 31, 2014, accrued interest includes \$364,516 (2013 - \$345,406) due to companies controlled by a directors of the Company (Note 3).

7. Subsequent Event

Subsequent to March 31, 2014, the Company completed a non-brokered private placement of 1,200,000 shares priced at \$0.0417 per share for total gross cash proceeds of \$50,000.

