

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

INTERIM FINANCIAL STATEMENTS

June 30, 2014

(Unaudited)

STRATEGIC INTERNET INVESTMENTS, INCORPORATED
INTERIM BALANCE SHEETS
(Unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
Current:		
Cash	\$ 12,084	\$ 3
TOTAL ASSETS	\$ 12,084	\$ 3
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current:		
Accounts payable	\$ 76,157	\$ 91,380
Accounts payable – related party	116,891	121,348
Accrued interest – related party	384,317	345,406
Accrued interest	1,755	-
Convertible note	50,000	-
Loans and convertible notes payable- related party	791,125	814,626
TOTAL LIABILITIES	1,420,245	1,372,760
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	36,359	35,159
Additional paid-in capital	11,857,533	11,808,733
Retained deficit	(13,302,251)	(13,216,847)
TOTAL STOCKHOLDERS' DEFICIT	(1,408,161)	(1,372,757)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 12,084	\$ 3

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

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
General and Administrative Expenses				
Accounting and audit fees	\$ 16,299	\$ 33,115	\$ 29,799	\$ 34,482
Communications	183	262	423	1,602
Consulting fees	-	-	-	1,196,511
Interest	21,007	17,928	40,665	35,231
Legal fees	-	756	344	806
Management fees	6,000	1,100	12,302	117,950
Office and general	252	492	394	748
Regulatory fees	682	7,369	1,348	9,283
Transfer agent fees	375	470	750	1,150
Operating loss	(44,798)	(61,492)	(86,025)	(1,397,763)
Gain (loss) on foreign exchange	(8,826)	13,088	621	12,541
Loss on settlement of payables	-	-	-	(1,364,757)
Net loss for the period	\$ (53,624)	\$ (48,404)	\$ (85,404)	\$ (2,749,979)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.08)
Weighted average number of common shares outstanding	35,342,000	34,658,292	35,252,209	32,591,965

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STRATEGIC INTERNET INVESTMENTS, INCORPORATED
INTERIM STATEMENTS OF CASH FLOWS
June 30, 2014
(Unaudited)

	Six months ended June 30,	
	2014	2013
Operating Activities		
Net loss for the period	\$ (85,404)	\$ (2,749,979)
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)	(508)	(3,584)
Stock-based compensation	-	1,302,110
Changes in non-cash item:		
Accounts payable	(15,223)	29,582
Accounts payable - related party	(4,457)	(23,579)
Accrued interest	40,666	35,231
Net cash used in operating activities	(64,926)	(45,462)
Financing Activities		
Proceeds from stock subscription	50,000	-
Proceeds from loans	50,000	71,750
Repayment of loans - related party	(22,993)	(27,482)
Net cash provided by financing activities	77,007	44,018
Change in cash during the period	12,081	(1,444)
Cash, beginning of the period	3	1,937
Cash, end of the period	\$ 12,084	\$ 493
Non-cash financing and investing activities:		
Shares issued for conversion of debt	\$ -	\$ 367,434
Supplementary disclosure of cash flows:		
Cash paid for Interest	\$ -	\$ -

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STRATEGIC INTERNET INVESTMENTS, INCORPORATED

NOTES TO THE INTERIM FINANCIAL STATEMENTS

June 30, 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 June 30, 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 June 30, 2014, the Company had not yet achieved profitable operations, has an accumulated deficit of \$13,302,251 since its inception, has a working capital deficiency of \$1,408,161 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 June 30, 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 \$1,420,245. 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 June 30, 2015, by issuing equity securities and/or related party advances.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

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3. Loans Payable- Related Party

	June 30, 2014	December 31, 2013
a) Loan payable to a company controlled by a director of the Company plus accrued interest of \$13,488 (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.	365,348	388,849
c) Loan payable to a company controlled by a director of the Company, plus accrued interest payable of \$148,778 (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.	163,766	163,766
d) Loan payable to a company controlled by a director of the Company, plus accrued interest of \$222,051 (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
	\$ 791,125	\$ 814,626

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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, \$1,755 was accrued in interest on the note.

5. Capital Stock

During the six months ended June 30, 2014, the Company issued 1,200,000 common shares for proceeds of \$50,000.

6. Related Party Transactions

At June 30, 2014, accounts payable includes \$116,891 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 June 30, 2014, accrued interest includes \$384,317 due to companies controlled by directors of the Company.