

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**

**INTERIM FINANCIAL STATEMENTS**

September 30, 2014

(Unaudited)

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

|   | September 30,<br>2014 | December 31,<br>2013 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>   |                       |                      |
| Current:  |                       |                      |
| Cash  | \$ 2,092              | \$ 3                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 2,092</b>       | <b>\$ 3</b>          |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                       |                      |
| Current:  |                       |                      |
| Accounts payable  | \$ 86,400             | \$ 91,380            |
| Accounts payable – related party  | 111,111               | 121,348              |
| Accrued interest  | 3,060                 | -                    |
| Accrued interest – related party  | 404,838               | 345,406              |
| Convertible note payable  | 50,000                | -                    |
| Loans and convertible notes payable- related party  | 787,785               | 814,626              |
| <b>TOTAL LIABILITIES</b>  | <b>1,443,194</b>      | <b>1,372,760</b>     |
| Stockholders' deficit:  |                       |                      |
| Capital Stock   |                       |                      |
| Class A Convertible Preferred stock, \$0.001 par value<br>10,000,000 authorized, 198,000 outstanding              | 198                   | 198                  |
| Class B Preferred stock, \$0.001 par value<br>10,000,000 authorized, none outstanding                             | -                     | -                    |
| Common stock, \$0.001 par value<br>100,000,000 authorized<br>36,359,391 (2013: 35,159,391) issued and outstanding | 36,359                | 35,159               |
| Additional paid-in capital  | 11,857,533            | 11,808,733           |
| Accumulated deficit   | (13,335,192)          | (13,216,847)         |
| <b>TOTAL STOCKHOLDERS' DEFICIT</b>  | <b>(1,441,102)</b>    | <b>(1,372,757)</b>   |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  | <b>\$ 2,092</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<br>September 30, |                    | Nine months ended<br>September 30, |                       |
|---|-------------------------------------|--------------------|------------------------------------|-----------------------|
|   | 2014                                | 2013               | 2014                               | 2013                  |
| <b>General and Administrative Expenses</b>                  |                                     |                    |                                    |                       |
| Accounting and audit fees                                   | \$ 9,644                            | \$ 6,570           | \$ 39,443                          | \$ 41,052             |
| Communications  | 247                                 | 131                | 670                                | 1,733                 |
| Consulting fees   | -                                   | -                  | -                                  | 1,196,510             |
| Legal fees  | -                                   | -                  | 344                                | 806                   |
| Management fees   | 1,000                               | 4,800              | 13,302                             | 122,750               |
| Office and general  | 355                                 | 182                | 749                                | 930                   |
| Regulatory fees   | 8,952                               | 2,085              | 10,300                             | 11,368                |
| Transfer agent fees   | 375                                 | 375                | 1,125                              | 1,525                 |
| Operating loss  | (20,573)                            | (14,143)           | (65,933)                           | (1,376,674)           |
| <b>Other items</b>  |                                     |                    |                                    |                       |
| Interest  | (21,827)                            | (18,581)           | (62,492)                           | (53,812)              |
| Gain (loss) on foreign exchange                             | 9,459                               | (4,980)            | 10,080                             | 7,561                 |
| Loss on settlement of payables                              | -                                   | -                  | -                                  | (1,364,757)           |
| <b>Net loss for the period</b>                              | <b>\$ (32,941)</b>                  | <b>\$ (37,704)</b> | <b>\$ (118,345)</b>                | <b>\$ (2,787,682)</b> |
| <b>Basic and diluted loss per share</b>                     | <b>\$ (0.00)</b>                    | <b>\$ (0.00)</b>   | <b>\$ (0.00)</b>                   | <b>\$ (0.08)</b>      |
| <b>Weighted average number of common shares outstanding</b> | <b>36,359,391</b>                   | <b>35,159,391</b>  | <b>35,625,325</b>                  | <b>33,671,284</b>     |

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

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

|   | Nine months ended<br>September 30, |                 |
|---|------------------------------------|-----------------|
|   | 2014                               | 2013            |
| <b>Operating Activities</b>   |                                    |                 |
| Net loss  | \$ (118,345)                       | \$ (2,787,682)  |
| 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)                                     | (2,913)                            | (2,078)         |
| Stock-based compensation  | -                                  | 1,302,110       |
| Changes in non-cash item:   |                                    |                 |
| Accounts payable  | (4,980)                            | (1,191)         |
| Accounts payable - related party  | (10,237)                           | 2,814           |
| Accrued interest  | 3,060                              | -               |
| Accrued interest - related party  | 59,432                             | 53,812          |
| <b>Net cash used in operating activities</b>                                | <b>(73,983)</b>                    | <b>(67,458)</b> |
| <b>Financing Activities</b>   |                                    |                 |
| Proceeds from issuance of common stock                                      | 50,000                             | -               |
| Proceeds from loans and convertible notes                                   | 50,000                             | 98,610          |
| Repayment of loans - related party  | (23,928)                           | (32,550)        |
| <b>Net cash provided by financing activities</b>                            | <b>76,072</b>                      | <b>66,060</b>   |
| Change in cash during the period  | 2,089                              | (1,398)         |
| Cash, beginning of the period   | 3                                  | 1,937           |
| <b>Cash, end of the period</b>  | <b>\$ 2,092</b>                    | <b>\$ 539</b>   |
| <b>Non-cash financing and investing activities:</b>                         |                                    |                 |
| Shares issued for conversion of debt  | \$ -                               | \$ 367,434      |
| Payment of accounts payable by related party                                | \$ -                               | \$ 6,462        |
| <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

September 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 September 30, 2014 are not indicative of the results that may be expected for the full year.

During the period ended September 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 September 30, 2014, the Company had not yet achieved profitable operations, has an accumulated deficit of \$13,335,192 since its inception, has a working capital deficiency of \$1,441,102 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 September 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 \$1,443,194. 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 September 30, 2015, by issuing equity securities and/or related party advances.

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

September 30, 2014

(Unaudited)

3. Loans and Convertible Notes Payable - Related Party

|   | September 30,<br>2014 | December 31,<br>2013 |
|---|-----------------------|----------------------|
| a) Loan payable to a company controlled by a director of the Company plus accrued interest of \$14,101 (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.   | 362,008               | 388,849              |
| c) Loan payable to a company controlled by a director of the Company, plus accrued interest payable of \$156,656 (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 \$234,081 (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              |
|   | <b>\$ 787,785</b>     | <b>\$ 814,626</b>    |

**STRATEGIC INTERNET INVESTMENTS, INCORPORATED**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

September 30, 2014

(Unaudited)

4. Convertible Note Payable

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 September 30, 2014, \$3,060 was accrued in interest on the note.

5. Equity

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

6. Related Party Transactions

At September 30, 2014, accounts payable includes \$111,111 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 September 30, 2014, accrued interest includes \$404,838 due to companies controlled by directors of the Company.

7. Subsequent Event

Subsequent to September 30, 2014, the Company initiated a non-brokered private placement of 500,000 common shares priced at \$0.08 per share and has received cash proceeds of \$40,000. These shares have not yet been issued.

