

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

INTERIM FINANCIAL STATEMENTS

March 31, 2015

(Expressed in U.S. Dollars)

(Unaudited)

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

BALANCE SHEETS
(Expressed in U.S. Dollars)
(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current:		
Cash	\$ 4,137	\$ 1,324
TOTAL ASSETS	\$ 4,137	\$ 1,324
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current:		
Accounts payable	\$ 88,714	\$ 79,442
Accounts payable – related party	34,856	90,472
Accrued interest	5,795	4,399
Accrued interest – related party	446,986	425,880
Convertible note payable	50,000	50,000
Loans and convertible notes payable- related party	771,091	780,025
TOTAL LIABILITIES	1,397,442	1,430,218
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 38,359,391 (2014: 36,859,391) issued and outstanding	38,359	36,859
Additional paid-in capital	11,998,359	11,919,859
Accumulated deficit	(13,430,221)	(13,385,810)
TOTAL STOCKHOLDERS' DEFICIT	(1,393,305)	(1,428,894)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 4,137	\$ 1,324

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,	
	2015	2014
General and Administrative Expenses		
Accounting and audit fees	\$ 20,528	\$ 13,500
Communications	-	240
Legal fees	256	344
Management fees	6,000	6,302
Office and general	262	142
Regulatory fees	5,370	666
Transfer agent fees	570	375
Operating loss	(32,986)	(21,569)
Other income and expenses		
Interest	(22,502)	(25,365)
Gain (loss) on foreign exchange	11,077	8,826
Net loss for the period	\$ (44,411)	\$ (38,108)
Basic and diluted loss per share	\$(0.00)	\$(0.00)
Weighted average common shares outstanding	37,642,724	35,159,391

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

STRATEGIC INTERNET INVESTMENTS, INCORPORATED
INTERIM STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended March 31,	
	2015	2014
Operating Activities		
Net loss	\$ (44,411)	\$ (38,108)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized foreign exchange gain	(2,868)	(2,707)
Amortization of debt discount	-	5,707
Changes in non-cash item:		
Accounts payable	9,272	(4,898)
Accounts payable - related party	(55,616)	(5,054)
Accrued interest	1,396	548
Accrued interest - related party	21,106	19,110
Net cash used in operating activities	(71,121)	(25,402)
Financing Activities		
Proceeds from issuance of common stock	80,000	-
Proceeds from loans and convertible notes	-	50,000
Repayment of loans - related party	(6,066)	(16,454)
Net cash provided by financing activities	73,934	33,546
Change in cash during the period	2,813	8,144
Cash, beginning of the period	1,324	3
Cash, end of the period	\$ 4,137	\$ 8,147
Supplementary disclosure of cash flows:		
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, 2015

(Expressed in U.S. Dollars)

(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, 2014 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, 2015 are not indicative of the results that may be expected for the full year.

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, 2015, the Company had not yet achieved profitable operations, has an accumulated deficit of \$13,430,221 since its inception, has a working capital deficiency of \$1,393,305 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 \$84,000 over the twelve months ended March 31, 2016 to continue operations as well as the Company estimates it will accrue related interest expenses of \$88,000 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 \$1,397,442. 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, 2016, by issuing equity securities and/or related party advances.

STRATEGIC INTERNET INVESTMENTS, INCORPORATED

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2015

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3. Loans and Convertible Notes Payable - Related Party

	March 31, 2015	December 31, 2014
a) Loan payable to a company controlled by a director of the Company plus accrued interest of \$15,371 (2014 - \$14,734). 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.	345,314	354,248
c) Loan payable to a company controlled by a director of the Company, plus accrued interest payable of \$172,832 (2014 - \$164,732), 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 \$258,783 (2014 - \$246,414), 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
	\$ 771,091	\$ 780,025

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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4. Convertible Loan Payable

On January 5, 2014 Company entered into a Convertible Loan Agreement and issued a convertible note for \$50,000. This loan is unsecured, bearing interest at 10% per annum, and is repayable at maturity on January 7, 2015, or on demand after that date. At any time, 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 March 31, 2015, \$5,795 was accrued in interest on the note.

The Company calculated a beneficial conversion feature on the convertible note of \$22,826, and this amount was amortized to interest expense during the year ended December 31, 2014. The amortization of the beneficial conversion feature is included in interest expense for the period ended March 31, 2014 was \$5,707. Upon conversion of this loan, the \$42,000 fair value of the warrants will be recognized as an interest expense and credited to additional paid-in capital.

5. Equity

During the three months ended March 31, 2015, the Company issued 1,500,000 common shares for proceeds of \$80,000.

6. Related Party Transactions

At March 31, 2015, accounts payable includes \$34,856 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, 2015, accrued interest includes \$446,986 due to companies controlled by directors of the Company.

During the period ended March 31, 2015 the Company paid a director \$6,000 in management fees.

7. Revision of Prior Period Financial Statements

In connection with our review of our financial statements for prior periods, we identified the following item which we have revised in our 2014 financial statements: A beneficial conversion feature on the convertible note of \$22,826, and this amount was amortized to interest expense during the year ended December 31, 2014. Accordingly, the March 31, 2014 interest expense was revised to include the quarterly amortization of the beneficial conversion feature in the amount of \$5,707.

The Company has evaluated the effect of the revisions on all relevant periods in accordance with Staff Accounting Bulletin ("SAB") 99 and SAB 108 and determined that the impact of the revisions on its previously filed annual financial statements for the interim period ended March 31, 2014 was not material.

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The effects of the revisions on reported amounts for the balances of 2014 are presented below in the following tables:

INTERIM STATEMENT OF OPERATIONS

	March 31, 2014		
	As Reported	Adjustment	As Restated
Operating loss	\$(21,569)	\$ -	\$(21,569)
Other income and expenses			
Interest	(19,658)	(5,707)	(25,365)
Gain (loss) on foreign exchange	8,826	-	8,826
Net loss for the period	\$(32,401)	\$(5,707)	\$(38,108)
Basic and diluted loss per share	\$(0.00)	-	\$(0.00)

INTERIM STATEMENT OF CASH FLOWS

	March 31, 2014		
	As Reported	Adjustment	As Restated
Operating Activities			
Net loss	\$(32,401)	\$(5,707)	\$(38,108)
Adjustments to reconcile net loss to net cash used in operating activities:			
Unrealized foreign exchange gain	(2,707)	-	(2,707)
Amortization of debt discount	-	5,707	5,707
Changes in non-cash item:			
Accounts payable	(4,898)	-	(4,898)
Accounts payable - related party	(5,054)	-	(5,054)
Accrued interest	548	-	548
Accrued interest - related party	19,110	-	19,110
Net cash used in operating activities	\$(25,402)	\$ -	\$(25,402)

