

**Starrex International Ltd.**  
**(formerly Starrex Mining Corporation Limited)**  
**Condensed Interim Financial Statements**  
**Three Months Ended March 31, 2014**  
**(Unaudited)**

## **Management's Responsibility for Condensed Interim Financial Statements**

The accompanying unaudited condensed interim financial statements of Starrex International Ltd. (formerly Starrex Mining Corporation Limited) (the "Company" or "Starrex") are the responsibility of the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Detailed accounting policies are not included in these interim financial statements. Reference should be made to annual statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

*(Signed): "Ronald K. Mann"*  
Director & Acting CFO

Toronto, Canada  
May 19, 2014

### **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. These unaudited condensed interim financial statements as at, and for the three months ended March 31, 2014 have not been reviewed by the Company's auditors.

**Starrex International Ltd.**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited)**

	<b>March 31</b>	December 31
	<b>2014</b>	2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,520,001	\$ 720,659
Funds held in trust	8,879	895,143
Prepaid expenses	565	565
<b>Total assets</b>	<b>\$ 1,529,445</b>	<b>\$ 1,616,367</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>(note 3)</i>	\$ 169,181	\$ 170,512
GST/HST payable	19,382	19,120
	<b>188,563</b>	<b>189,632</b>
<b>Capital and reserves</b>		
Share capital <i>(note 4)</i>	2,318,042	2,318,042
Contributed surplus <i>(note 4)</i>	16,433	15,029
Deficit	(993,593)	(906,336)
<b>Total equity</b>	<b>1,340,882</b>	<b>1,426,735</b>
<b>Total equity and liabilities</b>	<b>\$ 1,529,445</b>	<b>\$ 1,616,367</b>

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

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**Starrex International Ltd.****Condensed Interim Statements of Comprehensive Loss****For the three month periods ended March 31****(Unaudited)**

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	2014	2013
<b>Income</b>		
Investment income	\$ 1,432	\$ 1,358
<b>Expenses</b>		
Administrative (note 3)	87,023	15,138
Interest expense	262	-
Share-based payments	1,404	-
Depreciation	-	3
	<b>88,689</b>	<b>15,141</b>
<b>Net comprehensive loss for the period</b>	<b>\$ (87,257)</b>	<b>\$ (13,783)</b>
<b>Basic and diluted net loss per share (note 7)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>

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

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**Starrex International Ltd.****Condensed Interim Statements of Changes in Equity****For the three-month periods ended March 31, 2014****(Unaudited)**

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	Share Capital		Contributed		
	Number	Value	Surplus	Deficit	Total
	Of Shares				
<b>Balance, December 31, 2012</b>	<b>3,449,566</b>	<b>\$ 1,217,723</b>	<b>\$ 11,603</b>	<b>\$ (760,328)</b>	<b>\$ 468,919</b>
Net comprehensive loss for the period	-	-	-	\$ (13,783)	\$ (13,783)
<b>Balance, March 31, 2013</b>	<b>3,449,566</b>	<b>\$ 1,217,723</b>	<b>\$ 11,603</b>	<b>\$ (774,111)</b>	<b>\$ 455,136</b>
<b>Balance, December 31, 2013</b>	<b>8,116,870</b>	<b>\$ 2,318,042</b>	<b>\$ 15,029</b>	<b>\$ (906,336)</b>	<b>\$1,426,735</b>
Share-based payments			\$ 1,404		
Net comprehensive loss for the period				\$ (87,257)	\$ (87,257)
<b>Balance, March 31, 2014</b>	<b>8,116,870</b>	<b>\$ 2,318,042</b>	<b>\$ 16,433</b>	<b>\$ (993,593)</b>	<b>\$1,340,882</b>

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

**Starrex International Ltd.**  
**Condensed Interim Statements of Cash Flows**  
**For the three-month periods ended March 31**  
**(Unaudited)**

	2014	2013
<b>Operating activities</b>		
Net loss for the period	\$ (87,257)	\$ (13,783)
Items not affecting cash:		
Share-based payments	1,404	-
Amortization	-	3
	<b>(85,853)</b>	<b>(13,780)</b>
Other sources (uses) of cash from operations:		
Accounts payable and accrued liabilities	(1,331)	(6,404)
GST/HST payable	262	-
	<b>(86,922)</b>	<b>(20,184)</b>
<b>Cash flow from financing activities</b>		
Funds received from trust	886,264	-
	<b>886,264</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>799,342</b>	<b>(20,184)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>720,659</b>	<b>793,484</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,520,001</b>	<b>\$ 773,300</b>

**Supplemental disclosure of cash flow information:**

Interest received	\$ 1,432	\$ 1,487
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*The accompanying notes are an integral part of these unaudited condensed interim financial statements.*

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# Starrex International Ltd.

## Notes to Condensed Interim Financial Statements

March 31, 2014

(Unaudited)

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### 1. Business of the Company

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#### Nature of Business

Starrex International Ltd. (formerly Starrex Mining Corporation Limited) (the “Company” or “Starrex”) was incorporated on October 2, 1982 pursuant to the Canada Business Corporations Act under the name Starrex Mining Corporation Ltd. On May, 1, 2014, by Certificate of Amendment and Articles of Amendment pursuant to the Canada Business Corporations Act, the Company’s name was changed to Starrex International Ltd. The Company's registered address is 180 Dundas Street West, #1801, Toronto, Ontario, M5G 1Z8. Starrex's primary business is to acquire, manage and grow companies active in mortgage, real estate and other financial sectors. Specific target areas include mortgage originations, mortgage servicing, mortgage-backed securitization and lead generation, as well as staffing and recruitment.

These unaudited condensed interim financial statements were approved by the Board of Directors on May 19, 2014.

### 2. Basis of Presentation and Statement of Compliance

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#### (a) Statement of compliance

The Company has prepared these unaudited condensed interim financial statements in accordance with IAS 34, *Interim Financial Reporting*, employing all of the same accounting policies and methods of computation as disclosed in the annual financial statements as at December 31, 2013.

The notes to these unaudited condensed interim financial statements are intended to provide a description of events and transactions that are significant to an understanding to the changes in the Company’s financial position and performance since December 31, 2013. Certain disclosures that appear in the annual financial statements have not been reproduced in these unaudited condensed interim financial statements and, in this regard only, these unaudited condensed interim financial statements do not conform in all respects to the requirements of IFRS for annual financial statements. Accordingly, these unaudited condensed interim financial statements should only be read in conjunction with the annual financial statements as at December 31, 2013.

#### (b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### (c) Significant accounting estimates and judgments

The preparation of these unaudited condensed interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the financial reporting date and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. These unaudited condensed interim financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and also in future periods when the revision affects both current and future periods.

#### (d) Functional currency

The presentation and functional currency of the Company is the Canadian dollar.

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## **Starrex International Ltd.**

**Notes to Condensed Interim Financial Statements**

**March 31, 2014**

**(Unaudited)**

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### **3. Related Party Transactions**

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The Company had the following transactions with officers and directors of the Company and private companies controlled by officers and directors of the Company for management consulting and other services required by the Company:

- i) The Company incurred \$15,000 in management fees in 2013 to the former President for services provided to the Company. These fees are included in accounts payable. At March 31, 2014, the amount of \$31,000 was payable to the former President. The amount due is unsecured, non-interest bearing and is due on demand.
- ii) The Company incurred \$5,500 + HST in management fees in 2014 to the Secretary /Acting CFO for services provided to the Company. These fees are included in accounts payable. As of March 31, 2014 \$14,196 was payable to the Secretary/ Acting CFO. This amount due is unsecured, non-interest bearing and is due on demand.



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## Starrex International Ltd.

### Notes to Condensed Interim Financial Statements

March 31, 2014

(Unaudited)

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#### 4. Share capital

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##### Authorized

The Company is authorized to issue an unlimited number of common shares.

##### Issued

	Number of common shares	Amount
Balance, March 31, 2013 and December 31, 2012	3,449,566	\$ 1,217,723
Private Placement, net	3,600,000	833,493
Finders Fees on private placement	128,000	32,000
Debt Settlement	939,304	234,826
Balance March 31, 2014 and December 31, 2013	8,116,870	2,318,042

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##### Contributed surplus

	March 31 2014	December 31 2013
Opening balance	\$ 15,029	\$ 15,029
Share-based payments	1,404	
Closing balance	\$ 16,433	\$ 15,029

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#### 5. Share-Based Payments

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The Company has a Stock Option Plan (the "Plan") that enables its directors, officers, employees, consultants and advisors to acquire common shares of the Company. Options are granted at the discretion of the Board of Directors. Under the terms of the Plan, options totalling up to 10% of the common shares outstanding from time to time are issuable. The vesting period and expiration period are fixed at the time of grant at the discretion of the Board of Directors.

In the period ended March 31, 2014, no new stock options were granted, and in the year ended December 31, 2013, 50,000 stock options were granted to a director.

There was share-based compensation expense recorded for the period ended March 31, 2014, amounting to \$1,404. There was no share-based compensation expense for the period ended March 31, 2013.

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## Starrex International Ltd.

### Notes to Condensed Interim Financial Statements

March 31, 2014

(Unaudited)

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## 6. Income Taxes

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### *Unrecognized deferred tax assets*

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

	<b>March 31</b>	December 31
	<b>2014</b>	2013
Capital losses	\$ 2,170,530	\$ 2,170,530
Non-capital losses	757,657	670,400
Share issuance Costs	27,540	27,540
Equipment and other	300	300

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The capital losses may be carried forward indefinitely but may only be used to offset capital gains. The non-capital losses will expire as per the years and amounts outlined in the annual financial statements as at December 31, 2013, of which \$47,200 will expire in 2014. The equipment and other amount may be carried forward indefinitely.

## 7. Net Loss per Share

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Basic and diluted loss per share have been calculated based on the weighted average number of common shares outstanding during the three month period ending March 31, 2014 of 3,739,833 (2013 - 3,449,566). There were no dilutive factors.

## 8. Capital Disclosures

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The Company's objectives when managing capital are to maintain its ability to continue as a going concern in order to provide return for shareholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in shareholders' equity as capital, which totals \$1,340,882 as at March 31, 2014 (December 31, 2013 - \$1,426,735). The Company manages its capital structure and makes adjustments to it, in order to have funds available to support its corporate activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the three months ended March 31, 2014.

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## **Starrex International Ltd.**

### **Notes to Condensed Interim Financial Statements**

**March 31, 2014**

**(Unaudited)**

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## **9. Financial Risk Factors**

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The Company's financial instruments consist of cash and cash equivalents, funds held in trust and accounts payable and accrued liabilities as further explained in note 3(a) of the annual financial statements at December 31, 2013. As at March 31, 2014, the carrying values and fair values of the Company's financial instruments are approximately the same.

The Company is exposed in varying degrees to a variety of financial instrument related risks:

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

### **Liquidity Risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As at March 31, 2014, the Company had cash and cash equivalents of and funds held in trust on \$1,528,880 available to settle current financial liabilities of \$188,563.

### **Market Risk**

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash and cash equivalents is relatively unaffected by changes in short-term interest rates.