

FORM 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of these securities.

Common shares (each, a “**Common Share**”)

Starrex International Ltd. (the “**Issuer**”)
199 Bay Street, Suite 2200
Toronto, Ontario M5L 1G4

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Philip Garrett Clayton (the “**Acquiror**”)
9999 Bellaire Boulevard, Suite 700
Houston, Texas, United States 77036

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

Effective as of March 26, 2018, the Acquiror entered into an purchase agreement to acquire from five shareholders of the Issuer ownership of or control over an aggregate of 769,767 Common Shares in the capital of the Issuer at a price of US\$0.52 (equivalent to Cdn \$0.68) per Common Share (the “**Transaction**”).

2.3 State the names of any joint actors.

Amcap Mortgage, Ltd.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

The Acquiror acquired ownership of or control over 769,767 Common Shares pursuant to the Transaction.

Prior to acquiring such Common Shares, the Acquiror owned or controlled 2,558,173 Common Shares representing approximately 17.54% of the issued and outstanding Common

Shares and 225,000 stock options that, if exercised, would represent approximately 1.52% of the issued and outstanding Common Shares (calculated on a partially diluted basis).

As a result of the above-noted Transaction in respect of 769,767 Common Shares, the Acquiror now owns or controls 3,327,940 Common Shares representing approximately 22.82% of the issued and outstanding Common Shares and 225,000 stock options that, if exercised, would represent approximately 1.52% of the issued and outstanding Common Shares (calculated on a partially diluted basis).

3.2 State whether the acquiror acquired or disposed of ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

The Acquiror acquired control over 769,767 Common Shares.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 3.1 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Following closing of the Transaction, the Acquiror, together with the joint actors, owns and controls 3,327,940 Common Shares representing approximately 22.82% of the issued and outstanding Common Shares and 225,000 stock options that, if exercised, would represent approximately 1.52% of the issued and outstanding Common Shares (calculated on a partially diluted basis).

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

The Acquiror does not own but through (i) American Capital Equity Fund, LLC

controls 424,837 Common Shares representing approximately 2.91% of the issued and outstanding Common Shares; and (ii) Amcap Mortgage, Ltd. controls 769,767 Common Shares representing approximately 5.28% of the issued and outstanding Common Shares.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

The Acquiror is part party to an agreement to acquire 769,767 Common Shares of the Issuer, which Transaction is scheduled to be completed on April 30, 2018.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The consideration payable per Common Share is US\$0.52 (equivalent to Cdn \$0.68). On closing of the Transaction, an aggregate amount of US\$400,278.84 will be paid by Amcap Mortgage, Ltd. for the acquisition of 769,767 Common Shares.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 4.1 above.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer’s business or corporate structure;**
- (g) a change in the reporting issuer’s charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The Acquiror has no present intention of acquiring additional securities of the Issuer. Depending upon his evaluation of the business, prospects and financial condition of the Issuer, the market for the Issuer’s securities, general economic and tax conditions and other factors, the Acquiror may acquire more or sell some or all of his securities of the Issuer.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer.

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

The acquisition of the Common Shares by the Acquiror together with the joint actors was exempt from the formal bid requirements of applicable securities legislation pursuant to the private agreement exemption set out in section 4.2 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* (“NI 62-104”) because:

1. the purchase is not being made from more than five persons;
2. the offer was not made generally to security holders of the Common Shares; and
3. the value of the consideration paid for any of the Common Shares was not greater than 115% of the market price of the Common Shares at the date of the offer (determined in accordance with section 1.11 of NI 62-104).

Item 9 – Certification

I, as the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 26th day of March, 2018.

Signed: “*Philip Garrett Clayton*”

Philip Garrett Clayton