

Form 51-102F3
Material Change Report

ITEM 1 Name and Address of Company

Starrex International Ltd.
(the “**Company**” or “**Starrex**”)
1250, 639 – 5th Ave. SW
Calgary, AB T2P 0M9

ITEM 2 Date of Material Change

March 17, 2023

ITEM 3 News Release

A press release was disseminated through AccessWire and filed on SEDAR.

ITEM 4 Summary of Material Change

The Company announced on March 20, 2023, that pursuant to a number of agreements dated March 17, 2023 (the “**Purchase Agreements**”) it acquired several arm’s length U.S. entities which operate a real estate title business in Minnesota and Wisconsin (collectively, the “**Title Business**”). The aggregate consideration for the Title Business was US\$9.0 million consisting of a combination of cash and promissory notes, subject to adjustment in accordance with the Purchase Agreements.

ITEM 5 Full Description of Material Change

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Through its wholly owned Nevada subsidiary All American Title Company LLC, Starrex acquired the Title Business as operated through All American Title Co., Inc., Ameripine, L.L.C., AmeriFirst Title, LLC, AAT Holdings, LLC and Amcap Title, LLC. The US\$9.0 million consideration (the “**Purchase Price**”) consisted of payment of the following amounts with key terms as follows:

- (a) payment of US\$1.8 million cash;
- (b) the issuance of secured non-interest bearing promissory notes for an aggregate of US\$4.5 million (the “**Initial Notes**”) due twelve months from the closing date. The Initial Notes are secured by the pledge of a pro rata portion of the Title Business acquired and repayment has been guaranteed by Starrex;
- (c) the issuance of secured convertible notes for an aggregate of US\$2.7 million (the “**Convertible Notes**”) bearing interest at 6% per annum, which are due thirty six months from the closing date (the “**Maturity Date**”), subject to annual lump sum prepayments of up to an aggregate of US\$900,000 each year in the event certain

EBITDA targets are met for the Title Business. The Convertible Notes are convertible into common shares of Starrex (“**Starrex Shares**”) at USD\$2.09 per share (the “**Conversion Price**”). Interest on the Convertible Notes is payable semi-annually commencing six months following the closing date. At the election of the holder, interest on the Convertible Notes is payable through the issuance of common shares of Starrex (“**Starrex Shares**”) at the closing price for the Starrex Shares on the trading day prior to the date of the election by the holder, less the maximum discount allowable by the Canadian Securities Exchange. In addition, if the average trading closing price of the Starrex Shares is equal to or greater than USD\$2.61 for a period which is thirty (30) consecutive trading days at any time prior to the Maturity Date, the Convertible Notes are subject to a mandatory conversion right by the Company to issue, at the Company’s option, Starrex Shares at the Conversion Price (USD\$2.09), equal to up to 100% of the principal amount then owing. The Convertible Notes are prepayable at any time by repaying the amount owing and any accrued interest up to the date of prepayment. The Convertible Notes are secured by the pledge of a pro rata portion of the Title Business acquired and repayment has been guaranteed by Starrex;

- (d) in the event that certain EBITDA targets for the Title Business are met, the Purchase Agreements provide that the holders of Convertible Debentures shall be entitled to an annual prepayment of up to one-third of the amount owing (US\$900,000) on or before April 30 in each year;
- (e) the Purchase Agreements provide for the downward adjustment to the Purchase Price for up to 100% of the principal amount (US\$2.7 million) if by the Maturity Date certain EBITDA targets for the Title Business have not been met;
- (f) to the extent a holder of a Convertible Notes acquires through the conversion of one or more Convertible Notes it holds, an aggregate of 100,000 Starrex Shares or greater number (the "**Lock-up Trigger Date**"), such Starrex Shares shall be subject to the following restrictions on transfer over a thirty-six (36) month period: (a) fifteen percent (15%) following the date which is eighteen (18) months after the Lock-up Trigger Date, (b) an additional fifteen percent (15%) on each of the following five (5) three (3) month periods, and (c) the final ten percent (10%) thirty six (36) months after the Lock-up Trigger Date;
- (g) the Purchase Agreement require Starrex’s subsidiary All American Title Company LLC to provide US\$1 million in working capital for the Title Business;
- (h) the Purchase Agreements require two key employees to remain employed by the All American Title for a minimum of one year and typical representations, provisions and covenants; and
- (i) Starrex has agreed to issue options to purchase 300,000 Starrex Shares at a price of USD\$1.20 to several key employees who manage All American Title. The options will vest as to 1/3 annually on the first, second and third anniversaries of the date of grant.

The transaction has been approved unanimously by Starrex's board of directors.

ITEM 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

ITEM 7 Omitted Information

Not applicable.

ITEM 8 Executive Officer

For further information, please contact Matthew D. Hill, President & Chief Executive Officer mhill@starrexintl.com or Deb Merritt, CFO of Starrex, at (281) 406-8621, email address: dmerritt@starrexintl.com

ITEM 9 Date of Report

Dated as of March 27, 2023.