



## STARREX INTERNATIONAL ANNOUNCES NON-BINDING LETTER OF INTENT TO ACQUIRE THE MAGNOLIA GROUP OF COMPANIES

**Calgary, Alberta, May 1, 2023** – Starrex International, Ltd (“**Starrex**” or the “**Company**”) (CSE: STX; OTCQB:STXMF) is pleased to announce that it has entered into a non-binding letter of intent dated April 30, 2023, (the “**LOI**”) with four U.S. entities which operate real estate title businesses in Texas, Florida and Arkansas (collectively, “**Magnolia Title**”). Starrex is proposing a transaction that would see it own 100% of the entities (the “**Proposed Acquisition**”). The aggregate purchase price for Magnolia Title is US\$18.6 million, with potential additional performance based consideration payable up to a maximum amount to be determined by the parties. In addition, in connection with the LOI, Starrex has taken security over Magnolia Title to secure approximately US\$3 million that has been advanced to date (the “**Magnolia Loans**”).

The Proposed Acquisition is expected to be considered a “related party transaction” for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) by virtue of the fact that a shareholder of Starrex is also a holder of approximately 24% of Magnolia Title. In addition, certain of the Magnolia Loans may also be considered a related party transaction for the purposes of MI 61-101. See *Related Party Aspects* below.

### **About Magnolia Title**

The Magnolia Title entities were founded in 2020 and 2021. Today, Magnolia Title operates out of 21 offices and currently employs 72 employees providing title and escrow services in Texas, Florida and Arkansas..

Matthew D. Hill, President and Chief Executive Officer of Starrex stated, “*The acquisition of Magnolia Title would constitute another significant milestone in the execution of Starrex’s strategic vision to enter the US real estate title space on a nationwide basis. With the addition of the Magnolia Team, Starrex would be able to maximize complementary synergies and efficiencies in leadership, systems, and operations when coupled with our initial acquisition of All American Title.*”

### **The Proposed Acquisition**

Pursuant to the LOI, Starrex has agreed to negotiate definitive agreements to acquire Magnolia Title indirectly through a U.S. subsidiary corporation with such terms to be finalized following completion of a review of securities law and taxation matters. The current intent is for the parties to complete the Proposed Acquisition on or before June 30, 2023.

The LOI provides for certain binding provisions, including Magnolia Title agreeing to deal exclusively with Starrex in connection with a possible transaction until the earlier of the execution of definitive agreements and June 30, 2023. The LOI also contains binding provisions including (i) a covenant that the business of Magnolias Title be conducted only in the usual and ordinary course of business consistent with past practices, (ii) that the parties maintain confidentiality and (iii) a covenant by Starrex not to solicit employees

or independent contractors of Magnolia Title for a period of 18 months following any termination of the LOI. Starrex intends to issue a further press release providing an update as matters progress.

### **Magnolia Loans**

Through a wholly owned subsidiary, Starrex has advanced funds to Magnolia Title in the aggregate amount of approximately US\$3 million, with a potential to advance an aggregate amount up to a maximum of US\$4 million prior to closing of the Proposed Acquisition. Pursuant to the LOI, Magnolia Title has granted security over all of its present and after acquired property to Starrex to secure the Magnolia Loans.

### **Related Party Aspects**

A shareholder of Starrex that beneficially owns or has control and direction over Starrex Shares (19.1% of the Starrex Shares) (the “**Related Party**”) also owns an average of 23.6% of the Magnolia Title entities, but does not control all of the Magnolia Title entities as another holder holds an average of 35% of the Magnolia Title entities.

One or more of the Magnolia Loans may be considered a “related party transaction” for the purposes of MI 61-101 thereby necessitating that Starrex obtain a formal valuation for, and minority approval of the Proposed Acquisition in the absence of exemptions from such requirements. The Magnolia Loans are exempt from the formal valuation requirement of MI 61-101 pursuant to section 5.5(b) of MI 61-101, on the basis that no securities of Starrex are listed or quoted on the markets specified in that section. The Magnolia Loans are also exempt from the minority approval requirements of MI 61-101 on the basis that the fair market value of Magnolia Loans to related parties does not exceed 25% of the market capitalization of Starrex, in accordance with Sections 5.5 and 5.7 of MI 61-101.

Upon Starrex entering into the definitive agreements with the Related Party, the Proposed Acquisition will become a “related party transaction” within the meaning of MI 61-101, thereby necessitating that Starrex obtain a formal valuation for, and minority approval of, the Proposed Acquisition in the absence of exemptions from such requirements. The Proposed Acquisition is expected to be exempt from the formal valuation requirement of MI 61-101 pursuant to section 5.5(b) of MI 61-101, on the basis that no securities of Starrex are listed or quoted on the markets specified in that section. The Proposed Acquisition may or may not be exempt from the minority approval requirements of MI 61-101 depending upon the circumstances that exist at the time the definitive agreements are entered into. Accordingly, an assessment will be made at the appropriate time and Starrex will seek Minority Approval (as defined below) at a meeting of the Starrex shareholders in respect of the acquisition from the Related Party, if required pursuant to MI 61-101. The Starrex Shares held by the Related currently represent an aggregate of 3,113,698 Starrex Shares. Should there be no exemption from the Minority Approval under 61-101, the Starrex Shares held by the Related Party will be excluded for the purposes of determining whether shareholder approval (the “**Minority Approval**”) has been obtained in respect of Proposed Acquisition.

### **About Starrex International, Ltd.**

Starrex is a national provider of real estate title and credit reporting services to mortgage lenders and real estate brokers in the US whose leading-edge technology platform and specialized business model provides a streamlined approach for our clients, resulting in faster turnaround times. We are committed to investing in our employees, delivering value to our customers, ethically managing our suppliers and professional networks, and supporting the outside communities within which we work.

Our business is driven by subsidiaries that operate across various segments of the mortgage value chain, including title and credit services, and are committed to delivering value and growth to Starrex shareholders.

MFI Credit Solutions, LLC provides consumer credit reports to mortgage lenders, mortgage brokers, and credit unions for homebuyers or refinancers in all states, along with risk mitigation, flood and verification services.

Starrex shares are traded on the Canadian Securities Exchange <http://thecse.com>, symbol “STX”, and on the OTC QB market <http://www.otcmarkets.com/home> in the United States symbol “STXMF”.

**For further information please contact:**

Matthew D. Hill, President & Chief Executive Officer: [mhill@starrexintl.com](mailto:mhill@starrexintl.com) or Debbie Merritt, Chief Financial Officer of Starrex, at (281) 406-8621, email address: [dmerritt@starrexintl.com](mailto:dmerritt@starrexintl.com), Scott Koyich, Investor Relations, Brisco Capital Partners, (403) 619-2200 | [scott@briscocapital.com](mailto:scott@briscocapital.com)

**Additional Information**

Additional information relating to Starrex and other public filings, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Forward Looking Statements**

*This news release contains forward-looking statements relating to the timing and completion of the future operations of the Company and other statements that are not historical facts. Forward-looking statements are often identified by terms such as “will”, “may”, “should”, “anticipate”, “expects” and similar expressions. All statements other than statements of historical fact, included in this release.*

*Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this news release. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, without limitation: the risk that the acquisition of Magnolia Title will not be completed within the time frame contemplated, on the terms announced, or at all; the risk that conditions precedent to the closing of the transaction and third-party consents, may not be satisfied or waived. Should any of the foregoing risks materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance, activities or achievements could vary materially from those expressed or implied by any forward-looking information contained in this news release. Readers are cautioned that the foregoing list of risks is not exhaustive.*

*The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management’s current beliefs and is based on information currently available to Starrex. The forward-looking information is made as of the date of this news release and Starrex assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.*

**Neither the Canadian Securities Exchange nor its regulation services provider accepts responsibility for the adequacy or accuracy of this release.**