STARREX™
INTERNATIONAL

Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

(Unaudited) (expressed in U.S. dollars)

Management's Responsibility for
Condensed Interim Consolidated Financial Statements

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

The unaudited condensed interim consolidated 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 audited consolidated financial statements as at December 31, 2022. 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 unaudited condensed interim consolidated 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 consolidated 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 consolidated financial statements and (ii) the unaudited condensed interim consolidated 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 consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated 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 consolidated 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 consolidated 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): *"Dr. Deborah Merritt"*
Chief Financial Officer

Calgary, Canada
May 30, 2023

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. These unaudited condensed interim consolidated financial statements as at, and for the three months ended March 31, 2023 and 2022, have not been reviewed by the Company's auditors.

Starrex International Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited) Expressed in U.S. dollars

		March 31, 2023		December 31, 2022
ASSETS				
Current Assets				
Cash	**$**	**5,430,838**	$	7,856,519
Accounts receivable (Note 8)		**603,202**		479,346
Escrowed receivable (Note 15)		**50,000**		350,000
Notes receivable (Note 9)		**3,299,864**		1,716,889
Prepaid expenses		**85,099**		42,791
		9,469,003		10,445,545
Non-current assets				
Property and equipment (Note 5)		**300,215**		263,749
Intangible assets (Note 6)		**564,453**		575,648
Acquisition of subsidiary		**9,615,951**		-
Right-of-use assets (Note 7)		**145,983**		169,883
Total assets	**$**	**20,095,605**	$	11,454,825
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**834,658**	$	772,586
Income taxes payable		**1,542,838**		1,458,607
Current portion of notes payable (Note 14)		**4,500,000**		850,000
Current portion of lease liabilities (Note 7)		**98,610**		93,503
		7,032,770		3,174,696
Non-current Liabilities				
Notes payable (Note 14)	$	**4,650,000**		-
Lease liabilities (Note 7)		**56,664**		85,515
Total liabilities	**$**	**11,682,770**	$	3,260,211
Shareholders' equity				
Share capital (Note 11)	$	**8,575,933**		8,275,933
Contributed surplus (Note 12)		**749,296**		390,136
Accumulated other comprehensive income		**(261,534)**		(261,534)
Deficit		**(650,860)**		(209,921)
Total shareholders' equity		**8,412,835**		8,194,614
Total liabilities and shareholders' equity	**$**	**20,095,605**	$	11,454,825

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

Signed: Matthew D. Hill
Chairman

Signed: Scott M. Reeves
Director

Starrex International Ltd.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31, 2023 and 2022
(Unaudited) Expressed in U.S. dollars

		2023		2022
Income				
Revenue from contracts with customers (Note 10)	**$**	**1,087,200**	$	1,265,532
Consulting income		**146,992**		12,500
Other revenue		**16,570**		-
Interest income		**25,140**		
		1,275,902		1,278,032
Expenses				
Transaction costs		**665,352**		836,921
Payroll expense		**368,296**		176,658
General and administrative		**342,603**		80,475
Professional fees		**137,529**		112,736
Management and corporate services (Note 8)		**102,640**		102,640
Depreciation and amortization (Notes 5, 6 and 7)		**49,344**		45,899
Shareholder services		**1,990**		2,110
Government, regulatory and filing fees		**7,331**		6,224
Interest expense (Notes 7 and 14)		**41,757**		4,349
		1,716,842		1,368,014
Net loss from continuing operations	**$**	**(440,940)**	$	(89,982)
Income from discontinued operations, net of tax (Note 17)	**$**	**-**	$	95,548
Net income and comprehensive income for the period	**$**	**(440,940)**	$	5,566
Basic and diluted net income (loss) per share for the period (Note 13)				
Continuing operations	**$**	**(0.03)**	$	(0.01)
Discontinued operations		**0.00**		0.01
Net income per share for the period	**$**	**(0.03)**	$	0.00
Weighted average number of common shares outstanding (Note 13)		**15,976,571**		15,752,575

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

Starrex International Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2023 and 2022

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

	Number of Shares		Value		Contributed Surplus		Deficit		Accumulated Other Comprehensive Income		Total
Balance, December 31, 2021	**15,752,525**	**$**	**7,707,501**	**$**	**390,136**	**$**	**(4,365,897)**	**$**	**(261,534)**	**$**	**3,470,206**
Net income for the period	-		-		-		5,566		-		5,566
Balance, March 31, 2022	**15,752,525**	**$**	**7,707,501**	**$**	**390,136**	**$**	**(4,360,331)**	**$**	**(261,534)**	**$**	**3,475,772**
Balance, December 31, 2022	**16,296,113**	**$**	**8,275,933**	**$**	**390,136**	**$**	**(209,921)**	**$**	**(261,534)**	**$**	**8,194,614**
Shares issued (Note 11)	250,000		300,000		-		-		-		300,000
Options issued (Note 12)	-		-		359,160		-		-		359,160
Net loss for the period	-		-		-		(440,940)		-		(440,940)
Balance, March 31, 2023	**16,546,113**	**$**	**8,575,933**	**$**	**749,296**	**$**	**(650,861)**	**$**	**(261,534)**	**$**	**8,412,834**

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

Starrex International, Ltd.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Unaudited) Expressed in U.S. Dollars

	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Net loss from continuing operations for the period	**$ (440,940)**	$ (89,982)
Items not affecting cash:		
Depreciation and amortization (Notes 5, 6 and 7)	**49,344**	45,899
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	**(123,856)**	(36,973)
Escrowed receivable	**300,000**	-
Prepaid expenses	**(42,308)**	2,488
Accounts payable and accrued liabilities	**62,072**	710,910
Income taxes payable	**84,231**	-
Cash flows from operating activities - continuing operations	**(111,458)**	623,342
Cash flows from operating activities - discontinued operations	**-**	(488,274)
Cash flows from operating activities	**(111,458)**	135,068
Cash flows from investing activities		
Purchase of property and equipment	**-**	(25,228)
Proceeds issued on note receivable	**(1,590,480)**	-
Acquisition of subsidiaries	**(1,800,000)**	-
Cash flows from investing activities - continuing operations	**(3,390,480)**	(25,288)
Cash flows from investing activities - discontinued operations	**-**	(7,523)
Cash flows from investing activities	**(3,390,480)**	(32,751)
Cash flows from financing activities		
Proceeds from notes payable	**1,100,000**	-
Principal lease payments	**(23,744)**	(29,177)
Cash flows from financing activities - continuing operations	**1,076,256**	-
Cash flows from financing activities - discontinued operations	**-**	(29,177)
Cash flows from financing activities	**1,076,256**	(29,177)
Increase in cash during the period	**(2,425,681)**	(9,510)
Cash, beginning of period	**$ 7,856,519**	$ 2,172,169
Cash, end of period	**$ 5,430,838**	$ 2,162,659

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

1. Nature of Operations

Starrex International Ltd. ("Starrex" or the "Company") was incorporated on October 2, 1982 pursuant to the Canada Business Corporation Act. The Company's address is 639 5th Avenue S.W., Calgary, Alberta T2P 0M9. The Company's primary business is to acquire, manage and grow companies in the United States active in mortgage, real estate and other financial sectors.

2. Significant Accounting Policies

Statement of Compliance

The Company has prepared these unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* employing all of the same accounting policies and methods of computation as disclosed in the annual audited consolidated financial statements as at December 31, 2022, except as noted below. The notes to these unaudited condensed interim consolidated financial statements are intended to provide a description of events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2022. Certain disclosures that appear in the annual audited consolidated financial statements have not been produced in the unaudited condensed interim consolidated financial statements and, in this regard only, these unaudited condensed interim consolidated financial statements do not conform in all respects to the requirements of International Financial Reporting Standards ("IFRS") for annual audited consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements as at December 31, 2022.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 30, 2023.

These unaudited condensed interim consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Principles of Consolidation

These unaudited condensed interim consolidated financial statements include the Company and its wholly owned subsidiaries, Property Interlink, LLC, MFI Credit Solutions, LLC, Reliable Valuation Service, LLC, Starrex Holdings, Inc, Starrex Insurance Holdings, Inc., Starrex Technical Services, LLC and All American Title Co., Inc. All subsidiaries at March 31, 2023 are 100% owned, directly or indirectly, and controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses, have been eliminated upon consolidation.

2. Significant Accounting Policies - continued

Functional Currency

Starrex International Ltd., the parent company, and its subsidiaries have a functional currency of the U.S. dollar ("USD"). This reflects the fact that the majority of the Company's business is influenced by an economic environment denominated in U.S. currency; as well, the Company earns revenues in USD. The presentation currency of these unaudited condensed interim consolidated financial statements is USD.

Transactions denominated in foreign currencies (other than the functional currency) are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences, other than those capitalized to qualifying assets or recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Judgments and Estimates

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to these unaudited condensed interim consolidated financial statements are discussed below:

a) Goodwill and other indefinite life intangible assets are tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of intangible assets with definite lives (software, trade name, customer relationships, and non-compete agreements) and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in profit or loss. The assessment of fair values requires the use of estimates and assumptions related to future operating performance and discount rates, differences in these estimates and assumptions could have a significant impact on the unaudited condensed interim consolidated financial statements.

b) Significant judgment is involved in the determination of useful life for the computation of depreciation of property and equipment and amortization of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions.

c) The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and

2. Significant Accounting Policies - continued

activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

d) The determination of the Company's lease liability and right-of-use asset depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's unaudited condensed interim consolidated financial statements.

e) Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

f) Applying the business acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of acquisition date fair values often requires management to make assumptions and estimates about future events. The assumptions with respect to fair value of intangible assets require a high degree of judgment and include estimates for future operating performance, discount rates, technology migration factors and terminal value rates.

g) Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct, and the operating results are regularly reviewed by management for the purposes of resource allocation decisions and assessing its performance. Key measures used by management to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). The Company's operating results are currently in two reportable segments and in one geographic market – the United States.

h) Stock options are initially valued at fair value, based on the application of the Black Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected term of the warrant or stock option and expected risk-free interest rate.

Changes in Accounting Policies

The Company adopted the following new or amended pronouncements as at January 1, 2023.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. These amendments had no material impact on the condensed interim consolidated financial statements.

2. Significant Accounting Policies - continued

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. These amendments had no material impact on the condensed interim consolidated financial statements.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. These amendments had no material impact on the condensed interim consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. These amendments had no material impact on the condensed interim consolidated financial statements.

Standards Issued or Amended Which Will be Adopted in Future Periods

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

3. Financial Instruments and Financial Risk Management

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, notes payable and lease liabilities. As at March 31, 2023, the carrying values and fair values of the Company's financial instruments are approximately the same.

The Company is exposed, in varying degrees, to the following financial instrument related risks:

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. For financial assets, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. In the normal course of business, the Company is exposed to credit risk from its customers and the related accounts receivable are subject to normal industry credit risk.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company generally does not require collateral for sales on credit. The Company closely monitors extensions of credit and has not experienced significant credit losses in

3. Financial Instruments and Financial Risk Management - continued

the past. At March 31, 2023, and December 31, 2022, the Company had a $nil balance in the reserves for credit losses and had no material past due trade receivables.

The Company applies the IFRS 9 simplified approach to measuring expected losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the year end. The historical loss rates, if any, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. All trade receivables are less than sixty days past due. On that basis, the Company has not provided for expected credit losses.

Concentration of Credit Risk

As at March 31, 2023, one customer accounted for 70% of the Company's total revenue (March 31, 2022 – 62%). All of the Company's revenue for the three months ended March 31, 2023, and 2022, was in the United States.

There can be no assurance that all or any of the Company's customers will continue to be customers of the Company. The loss of any such customers may have a materially negative impact on the company's business conditions and financial results.

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 working capital to meet its liquidity requirements. At March 31, 2023, the Company had cash of $5,430,838 (December 31, 2022 - $7,856,519) available to settle current liabilities of $7,032,770 (December 31, 2022 - $3,174,696).

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate on the note payable to Agents National Title Insurance Company is prime less $0.50.

Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2023, the Company held immaterial amounts of cash and accounts receivable in Canadian Dollars ("CAD") currency and considers foreign currency risk to be low.

The table below summaries the balances held in CAD, presented in USD.

	March 31, 2023	**December 31, 2022**
Accounts receivable	-	27,380
Accounts payable and accrued liabilities	-	(31,268)
Total	-	(3,888)

(Unaudited) (expressed in United States dollars)

4. Acquisition of All American Title Co., Inc.

Effective March 17, 2023, the Company entered into a Purchase and Sale Agreement to purchase all of the member interests of All American Title Co., Inc., AmeriFirst Title, LLC, AAT Holdings, LLC, Ameripine, LLC and Amcap Title, LLC for an aggregate amount of $10,359,160 comprised of (i) a cash payment of $1,800,000; (ii) secured promissory note of $4,500,000 due and payable 12 months following the closing date, secured by the interests pledged until promissory note is paid in full; (iii) secured convertible notes in the amount of $2,700,000 bearing interest at 6% per annum and due 36 months from the closing date subject to earn out provisions interest may be paid in cash semi-annually or converted to common shares of Starrex stock based on the closing price of Starrex shares on the trading day prior to the conversion date; the holders of the notes may elect to convert all or any part of the principal amount into Starrex shares at a price of $2.09; (iv) 250,000 shares of Starrex common stock $1.20 per share (*See Note 11)*, and (V) 300,000 options to purchase common shares of Starrex stock with a fair market value of $1.20 (*See Note 12)*.

The following sets forth details of the purchase, which remains partially unallocated as of March 31, 2023.

Consideration Paid	10,359,160
Unallocated assets	9,615,951
Working capital	1,000,000
Property and equipment	50,575
Accounts receivable	4,000
Other assets	32,393
Accounts payable	(53,759)
	$10,359,160

(Unaudited) (expressed in United States dollars)

5. Property, Plant and Equipment

		Furniture & Equipment		Leasehold Improvements		Total
Cost						
As at December 31, 2022	$	361,603	$	138,197	$	499,800
Additions		213,959		30,750		244,709
As at March 31, 2023	**$**	**575,562**	**$**	**168,947**	**$**	**744,509**
Accumulated depreciation						
As at December 31, 2022	$	152,446	$	83,605	$	236,051
Additions		193,994		-		193,994
Expense		11,892		2,357		14,249
As at March 31, 2023	**$**	**358,332**	**$**	**85,962**	**$**	**444,294**
Net book value						
As at December 31, 2022	$	209,157	$	54,592	$	263,749
As at March 31, 2023	$	**217,230**	$	**82,985**	$	**300,215**

(Unaudited) (expressed in United States dollars)

6. Intangible Assets

		Non-Compete Agreements		Customer Relationships		Credit Bureau Repository Codes		Total
Cost								
As at December 31, 2022 and March 31, 2023	**$**	**268,259**	**$**	**696,608**	**$**	**564,453**	**$**	**1,529,320**
Accumulated depreciation								
As at December 31, 2022	$	264,578	$	689,094	$	-	$	953,672
Expense		3,681		7,514		-		11,195
As at March 31, 2023	**$**	**268,259**	**$**	**696,608**	**$**	**-**	**$**	**964,867**
Net Book Value								
As at December 31, 2022	$	3,681	$	7,514	$	564,453	$	575,648
As at March 31, 2023	$	**-**	**$**	**-**	**$**	**564,453**	**$**	**564,453**

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(Unaudited) (expressed in United States dollars)

7. Leases

The Company has elected not to recognize right-of-use assets that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In June 2021, the Company entered into an office lease agreement, with monthly lease payments of $8,789 until November 2024. The Company applied a discount rate of 6% in the calculation of lease liabilities. The Company did not enter into any new leases which would require a recognition of right-of-use assets and lease liabilities during the period ended March 31, 2023.

Right-of-use assets

Right-of-use asset		Total
Balance as at December 31, 2022 and March 31, 2023	$	**310,701**
Accumulated depreciation		
As at December 31, 2022	$	(140,818)
Expense		(23,900)
Balance as at March 31, 2023	**$**	**(164,718)**
Net book value		
As at December 31, 2022	$	169,833
As at March 31, 2023	$	145,983

Lease Liabilities

Lease Liabilities		Total
As at December 31, 2022	$	179,018
Principal lease payments		(23,744)
Balance as at March 31, 2023	$	**155,274**
Current portion of lease liabilities	$	98,610
Long-term portion of lease liabilities	$	56,664

Amounts recognized in profit or loss as at March 31, 2023		Total
Interest on lease liabilities	$	2,622

(Unaudited) (expressed in United States dollars)

8. Related Party Transactions

Amcap Mortgage Ltd.

AmCap Mortgage Ltd., a related customer (by common Director) accounted for $612,554 (March 31, 2022 - $2,984,054) of revenue to the Company. Discontinued operations accounted for $2,162,527 of the revenue related to AmCap Mortgage Ltd. as at March 31, 2022. As at March 31, 2023, $420,056 (December 31, 2022 – $151,305) is included in accounts receivable on the condensed interim consolidated statements of financial position.

Key Management Compensation

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:

The Company incurred $102,630 in management fees and associated payroll for the three months ended March 31, 2023 (March 31, 2022 - $280,473) to key members of management. These fees are included in payroll, management and corporate services. At March 31, 2023 and 2022, all amounts had been paid.

9. Note Receivable

The Company entered into four agreements effective October 17, 2022, to provide operating capital through a revolving promissory note to title insurance companies. The promissory notes carry a 6% per annum interest rate with a maturity date of June 30, 2023. At the option of the Company, the note will become immediate due and payable. As at March 31, 2023, the Company recorded interest income of $25,140 (March 31, 2022 - $Nil).

10. Revenue from Contracts with Customers

The Company derives revenue from the delivery of consumer credit reports and ancillary credit reporting activity along with premiums from title insurance policies. The following revenues were recognized by All American Title Co., Inc. and MFI Credit Solutions, LLC for the period ended March 31, 2023 and 2022:

	For the three months ended March 31	
	2023	**2022**
Title Premium	$ 240,365	$ -
Credit reporting revenue	846,835	1,265,532
Total	$ 1,087,200	$ 1,265,532

(Unaudited) (expressed in United States dollars)

11. Share Capital

Authorized

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

Issued	Number of Common Shares	Amount $
Balance, December 31, 2022	16,296,113	8,275,933
Shares issued	250,000	300,000
Balance, March 31, 2023	16,546,113	8,575,933

On March 17, 2023, 250,000 common shares valued at $300,000 ($410,000 CAD), based on the quoted market price of the Company's common shares at the time of issuance, were issued in connection with the acquisition of All American Title Co., Inc (Note 4).

12. Share-Based Payments

The Company has a 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 totaling up to 10% of the common shares outstanding from time to time are issuable. The exercise price, vesting period and expiration period are fixed at the time of grant at the discretion of the Board of Directors.

	Number of options	Weighted average exercise price $	Grant Date Fair Value
Outstanding and exercisable, December 31, 2022	600,000	0.64	0.59
Options issued (see Note 4)	300,000	1.20	1.20
Outstanding and exercisable, March 31, 2023	900,000	0.81	0.77

	Number of Options Outstanding	Number of Options Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Life
Granted October 5, 2018	75,000(2)	75,000	$	1.40(3)	October 5, 2023	0.51
Granted May 8, 2019	50,000(4)	50,000	$	0.60(5)	May 8, 2024	1.10
Granted November 25, 2019	25,0002)	25,000	$	0.57(6)	November 23, 2024	1.65
Granted, January 8, 2020	450,000(1)	450,000	$	0.52(7)	January 7, 2025	1.78
Granted, March 17, 2023	300,000(2)	300,000	$	1.20(9)	March 28, 2028	4.97
Total	**900,000**	**900,000**				**2.69**

(1) An Executive Officer or Directors of the Company holds these options. They are fully vested.
(2) Key employees hold these options. They are fully vested.
(3) The exercise price is CAD $1.75.
(4) A consultant of the Company holds these options. They are fully vested.
(5) The exercise price is $0.75 CAD.
(6) The exercise price is $0.71 CAD.
(7) The exercise price is $0.65 CAD.
(9) The exercise price is $1.64 CAD.

(Unaudited) (expressed in United States dollars)

The fair value at grant date is determined by using the Black-Scholes model which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Effective March 17, 2023, the Company granted 300,000 options in connection with the acquisition of All American Title Co., Inc. to purchase common shares of the Corporation with an exercise price of USD$1.20 (CAD$1.64). The options expire March 17, 2028 and vest immediately and are included in the consideration paid for the acquisition.

The following weighted average assumptions were used to calculate the fair value of the stock options granted during the period:

	2023
Share price ($CAD)	**1.64**
Expected dividend yield	**Nil**
Risk free interest rate (%)	**2.89**
Expected stock volatility (%)	**54**
Expected life (years)	**5**

13. Net Loss (loss) per Share

Basic and diluted loss per share has been calculated based on the weighted average number of common shares outstanding as at March 31, 2023, of 15,976,571 (December 31, 2022 – 15,832,946).

14. Notes Payable

On November 16, 2018, the Company entered into a promissory note with Agents National Title Insurance Company to be utilized as a revolving line of credit in support of acquisition activity. The note is collateralized by the assets of the Company and carries an interest rate equal to the prime rate less 0.50%, which is paid monthly. At the option of the lender, the loan amount shall be convertible into common shares of the Company, with the conversion price based on the quoted market price at the time of conversion. As the conversion price is not fixed, the entire convertible instrument has been classified as a liability. As at March 31, 2023, the Company had an outstanding balance of $4,500,000 (December 31, 2022 - $850,000).

On March 17, 2023, the Company entered into convertible promissory note in the amount of $2.700,000 in connection with the acquisition of All American Title Co., Inc. The note bears an interest rate of 6% per annum, accruing monthly and payable semi-annually commencing October 1, 2023. The payment of interest may be satisfied either through payment of cash, or through the issuance to the holder, common shares of Starrex stock based on the closing price of the Starrex stock on the trading day prior to the conversion. Further , the holder has the right at any time, up to and including the date of maturity, to convert all or any part of the principal amount into Starrex shares at a deemed price of US$2.09. The note is secured but the pledged member interest of All American Title Co., Inc.

The Company also entered into a secured promissory note in the amount of $4,500,000 effective March 17, 2023, in connection with the acquisition of All American Title Co, Inc. The note is non-interest bearing and carries a maturity date of March 17, 2024.

15. Capital Disclosures

The Company's objectives when managing capital are to maintain its ability to continue as a going concern 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 equity as capital, which totals $7,758,634 as at March 31, 2023, (December 31, 2022 - $8,412,835).

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 does not have externally imposed capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended March 31, 2023 and the year ended December 31, 2022.

16. Segmented Disclosures

The Company measures each reportable operating segment's performance based on revenue and segment operating income, which is the profit metric utilized by the Company's management, for assessing the performance of operating segments. As at March 31, 2023, the Company has two reportable segments. All of the Company's assets and equipment are located in US.

The internal reporting provided to the management of the Company's assets, liabilities, and performance is prepared consistently with the measurement and recognition principles of IFRS. The intercompany sales and advances have been eliminated in the consolidated financial statements. The Company does not report total assets or total liabilities based on its reportable operating segments.

The two reportable operating segments are as follows:

i) MFI Credit Solutions, LLC manages consumer credit reporting and maintains all of the ordering, tracking, administrative duties and details required to support consumer credit reporting activities.

ii) All American Title Co., Inc. provides services required to transfer title to property in a real estate transaction and includes services such as searching, abstracting, examining, closing and insuring the condition of the title to the property.

17. Discontinued operations

Starrex International Ltd. reached an agreement to divest substantially all the related assets of Property Interlink, LLC, an appraisal management company, and Reliable Valuation Service, LLC, a staff appraisal company, effective September 30, 2022. The transaction closed on November 7, 2022. These amounts have been classified as discontinued operations.

As a result, the operating results of Property Interlink, LLC and Reliable Valuation Service, LLC for the years ended December 31, 2022 and 2021 have been classified as net income from continued operations in the consolidated statements of income and comprehensive income.

The purchase price paid by the purchaser to the Company for Property Interlink, LLC and Reliable Valuation Service, LLC comprised of (i) a cash payment of $9,450,000 (subject to standard working capital adjustments); and (ii) amounts held escrow by the purchaser of $300,000 (the "purchase price escrowed amount") and $50,000 (the "retention escrow amount"). The Buyers will release an amount equal to all of the remaining funds in the Retention Escrow account minus any pending indemnification claim amount on November 7, 2023. The Purchase Price Escrow amount will be released upon receipt of Joint Direction from both Sellers and Buyers upon mutual agreement that trialing expenses and revenues have been reconciled and closed. As at March 31, 2023, the purchase price escrowed funds of $300,000 were paid in full.

To conform with the current period classification of the discontinued operations, prior year results have been reclassified to discontinued operations.

18. Subsequent Events

Effective May 1, 2023, the Company entered into a non-binding letter of intent to purchase all of the member interests in Magnolia Title Arkansas, LLC, Magnolia Title Florida, LLC, Coast to Coast Title, LLC and Sol City Title, LLC. The proposed acquisition is expected to consist of the contributions of 100% of the issued and outstanding equity securities of Starrex Holdings, Inc., and Starrex Insurance Holdings Inc. (collectively, the "Starrex Subsidiaries"),by Starrex (on the one hand), and the contributions of 100% of the issued and outstanding equity securities of the Magnolias by their respective equity holders (each, a "Magnolia Contributor" and collectively, the "Magnolia Contributors") (on the other hand), to a newly formed U.S. corporation organized under the laws of the State of Delaware or some other State selected by Starrex ("Newco"), in exchange for Newco stock (the "Proposed Transaction"). The stock consideration has been reduced by the aggregate expected amount of promissory notes (Note 9) that will be outstanding at the Closing (as defined herein) of the Proposed Transaction in the aggregate amount of US$4 million (the "Magnolias Debt"), which notes were recently issued by the Magnolias to Starrex. The transaction is subject to the completion of a binding agreement, which would then be subject to regulatory and shareholder approval, among other conditions. There can be no guarantee that this transaction will close on the terms noted or at all.