



Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 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
August 31, 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 and six months ended June 30, 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)

	June 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash	\$ 3,704,310	\$ 7,856,519
Accounts receivable	1,040,177	479,346
Escrowed receivable (Note 17)	50,000	350,000
Notes receivable (Note 10)	3,200,000	1,716,889
Prepaid expenses	155,151	42,791
	8,149,638	10,445,545
Non-current assets		
Property and equipment, net of depreciation (Note 5)	288,920	263,749
Intangible assets (Note 6)	2,401,753	575,648
Goodwill (Note 7)	6,318,546	-
Right-of-use assets (Note 8)	674,504	169,883
Total Assets	\$ 17,833,361	\$ 11,454,825
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 927,537	\$ 772,586
Income taxes payable	-	1,458,607
Note payable (Note 15)	4,270,407	850,000
Current portion of lease liabilities (Note 8)	255,862	93,503
	5,453,806	3,174,696
Non-current Liabilities		
Note payable (Note 15)	\$ 2,950,000	-
Convertible note (Note 15)	1,810,735	-
Lease liabilities (Note 8)	478,055	85,515
Total liabilities	10,692,596	\$ 3,260,211
Capital and reserves		
Share capital (Note 12)	\$ 8,575,933	8,275,933
Contributed surplus (Note 13)	427,100	390,136
Accumulated other comprehensive income	(261,534)	(261,534)
Deficit	(1,600,734)	(209,921)
Total equity	7,140,765	8,194,614
Total liabilities and equity	\$ 17,833,361	\$ 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 Loss and Comprehensive Loss

For the periods ended June 30, 2023 and 2022

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Income				
Revenue from contracts with customers (Note 11)	\$ 2,797,082	\$ 1,021,714	\$ 3,884,282	\$ 2,287,246
Consulting Income	192,076	37,500	339,068	50,000
Other revenue	15,925	-	32,495	-
Interest income (Note 10)	37,329	-	62,469	-
	3,042,412	1,059,214	4,318,314	2,337,246
Operations Expense				
Transaction costs	445,613	631,869	1,110,965	1,468,790
Payroll expense	976,127	178,221	1,344,423	354,881
General and administrative	882,520	(78,504)	1,225,123	6,319
Professional fees	350,528	250,153	488,057	362,888
Management and corporate services (Note 9)	102,640	102,640	205,280	205,280
Depreciation and amortization (Notes 5, 6 and 7)	183,270	46,321	232,614	92,220
Shareholder services	2,630	1,466	4,620	3,576
Government, regulatory and filing fees	9,723	6,348	17,054	12,573
Share based payments (Note 13)	36,964	-	36,964	-
Interest expense (Notes 8 and 14)	59,103	-	100,860	-
	3,049,118	1,138,514	4,765,960	2,506,527
Loss from continuing operations	(6,706)	(79,300)	(447,646)	(169,281)
Other expenses				
Accretion expense (Note 14)	(73,781)	-	(73,781)	-
Loss (gain) on fair value of liability (Note 4 and 14)	138,008	-	138,008	-
Expected credit loss on notes receivable (Note 10)	(1,007,394)	-	(1,007,394)	-
Loss from continuing operations	(949,873)	\$ (79,300)	\$ (1,390,813)	\$ (169,281)
Income from discontinued operations, net of tax	-	14,760	-	110,493
Net Comprehensive loss for the period	\$ (949,873)	\$ (64,540)	\$ (1,390,813)	\$ (58,788)
Basic and diluted net income (loss) per share for the period				
Continuing operations	\$ (0.06)	\$ (0.00)	\$ (0.09)	\$ (0.00)
Discontinued operations	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.01
Net loss per share for the period	\$ (0.06)	\$ (0.00)	\$ (0.09)	\$ (0.00)
Basic weighted average number of common shares outstanding, continuing operations				
	16,305,702	15,752,525	16,305,702	15,752,525
Diluted weighted average number of common shares outstanding, continuing operations				
	15,976,571	15,752,525	16,305,702	15,572,525

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 six-month periods ended June 30, 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 loss for the period	-	-	-	(58,788)	-	(58,788)
Balance, June 30, 2022	15,752,525	7,707,501	390,136	(4,424,685)	(261,534)	3,411,418
Balance, December 31, 2022	16,296,113	8,275,933	390,136	(209,921)	(261,534)	8,194,614
Shares issued (Note 12)	250,000	300,000	-	-	-	300,000
Options issued (Note 13)	-	-	36,964	-	-	36,964
Net loss for the period	-	-	-	(1,390,813)	-	(1,390,813)
Balance, June 30, 2023	16,546,113	8,575,933	427,100	(1,600,734)	(261,534)	7,140,765

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 six-month periods ended June 31, 2023 and 2022

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

	June 30, 2023	June 30, 2022
Cash flows from operating activities		
Net loss from continuing operations for the period	\$ (1,390,813)	\$ (169,281)
Items not affecting cash:		
Depreciation and amortization (Notes 5, 6 and 7)	232,614	92,220
Share based payments	36,964	-
Accretion expense	73,781	-
Gain (loss) on fair value of asset/liability	(138,008)	-
Expected credit loss on notes receivable (Note 10)	1,007,394	-
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	(556,831)	(64,921)
Escrowed receivable	300,000	-
Prepaid expenses	(79,969)	(1,438)
Accounts payable and accrued liabilities	110,017	(147,405)
Contract liabilities	-	(22,577)
Income taxes payable	(1,458,607)	-
Cash flows from operating activities - continuing operations	(1,863,458)	(313,402)
Cash flows from operating activities - discontinued operations	-	5,270
Cash flows from operating activities	(1,863,458)	(308,132)
Cash flows from investing activities		
Loans advanced	(2,490,505)	-
Purchase of property and equipment	(1,358)	(32,514)
Acquisition of subsidiaries	(1,800,000)	-
Cash flows from investing activities - continuing operations	(4,291,863)	(32,514)
Cash flows from investing activities - discontinued operations	-	(7,522)
Cash flows from investing activities	(4,291,863)	(40,036)
Cash flows from financing activities		
Proceeds from notes payable	2,100,000	-
Principal lease payments	(96,888)	(58,795)
Cash flows from financing activities - continuing operations	2,003,112	(58,795)
Cash flows from financing activities - discontinued operations	-	-
Cash flows from financing activities	2,003,112	(58,795)
Increase in cash during the period	(4,152,209)	(406,963)
Cash, beginning of period	\$ 7,856,519	2,172,169
Cash, end of period	\$ 3,704,310	\$ 1,765,206

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

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

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 August 28, 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 June 30, 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.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

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

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

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) The classification of the Company's convertible promissory note required management to analyze the terms and conditions of the promissory notes and use judgement to assess whether these debentures are liability, equity, or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification. Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities. The acquisition of All American Title Co., Inc., was classified as a business combination with the convertible promissory note measured at amortized cost or fair value through profit and loss ("FVTPL"). The net gains or losses, including any interest expense, are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.
- 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.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

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.

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, escrowed receivable, notes receivable, accounts payable and accrued liabilities, notes payable and convertible note.

Classification

The convertible note is a financial instrument initially measured at fair value, classified as level 3 in the fair value hierarchy. At the end of each reporting period, financial liabilities at FVTPL are measured

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

3. Financial Instruments and Financial Risk Management - continued

at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. All other financial instruments are measured at amortized cost.

Fair Value Measurements

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets of identical assets or liabilities.
- Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs for the asset or liability.

Financial liabilities measured at fair value subsequent to recognition include the convertible note associated with the acquisition of All American Title Co., Inc. measured at FVTPL using Level 3 inputs resulting in a fair value of \$1,810,735 (December 31, 2022 - \$nil).

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 the past. At June 30, 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.

For all other financial instruments, the Company recognizes the loss allowance for that financial instrument at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk on these other financial instruments since initial recognition, lifetime ECLs are recognized. The Company has not experienced any collection issues with respect to its escrow receivable and loan receivable and has not provided for expected credit losses as at June 30, 2023, and December 31, 2022.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

3. Financial Instruments and Financial Risk Management - continued*Concentration of Credit Risk*

As at June 30, 2023, one customer accounted for 11% of the Company's total revenue (June 30, 2022 – 59%). All of the Company's revenue for the six months ended June 30, 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 June 30, 2023, the Company had cash of \$3,704,310 (December 31, 2022 - \$7,856,519) available to settle current liabilities of \$5,380,023 (December 31, 2022 - \$3,174,696).

The Company has the following undiscounted contractual obligations subject to liquidity risk, in addition to those relating to lease liabilities disclosed in Note 5.

	<1 year	2-5 years	< 5 years
Accounts payable and accrued liabilities	\$ 927,535	\$ -	\$ -
Note payable (Note 14)	4,500,000	5,650,000	-
Total	\$ 5,427,535	\$ 5,650,000	\$ -

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 and is payable monthly. The Company also accrues interest expense on the convertible note payable associated with the acquisition of All American Title Co., Inc. The fair value of future cash flows of our financial instruments will fluctuate due to changes in market interest rates. The Company's sensitivity to a 1% decrease or increase in market rates of interest would have an immaterial effect on the Company's interest expense.

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 June 30, 2023, the Company held immaterial amounts of accounts receivable and accounts payable and accrued liabilities in Canadian Dollars ("CAD") currency and considers foreign currency risk to be low.

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

	June 30, 2023	December 31, 2022
Accounts receivable	57,639	27,380
Accounts payable and accrued liabilities	(1,385)	(31,268)
Total	56,254	(3,888)

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(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 (“AAT”) for an aggregate amount of \$9,343,981 comprised of:

- (i) a cash payment of \$1,800,000;
- (ii) secured non-interest bearing promissory notes in the aggregate amount of \$4,500,000 due and payable 12 months following the closing date. These notes are secured pursuant to a Pledge and Security Agreement whereby the membership interests represented by the amount of the note are pledged as security until the particular promissory note is paid in full (*See note 15*). The proportion of membership interests that were represented by the cash amount have not been pledged as security for these notes. In addition, the indebtedness has been guaranteed by Starrex;
- (iii) secured convertible notes in the amount of \$2,700,000 (*See Note 15*) bearing interest at 6% per annum and due 36 months from the closing date conditional upon earn out provisions based on a target EBITDA for the entities acquired. To the extent annual EBITDA targets are met, the holders will be entitled to receive a pro-rated payment. If the annual targets are not met the holders are not entitled to receive a prepayment. At the end of the three year term, the principal amount of the notes outstanding will be adjusted downwards by an amendment to the notes or by cancellation depending on the average performance achieved by the entities over the term of the notes. Interest is payable in cash semi-annually in arrears unless such interest amount is converted at the option of the holder and payable in common shares of Starrex based on the closing price of Starrex shares on the trading day prior to the conversion date. In addition, the holder of the notes may elect to convert all or any part of the principal amount into Starrex shares at a price of \$2.09 (*See Note 15*). These notes are secured pursuant to a Pledge and Security Agreement whereby the membership interests represented by the amount of the note are pledged as security until the particular promissory note is paid in full. The proportion of membership interests that were represented by the cash amount have not been pledged as security for these notes. In addition, the indebtedness has been guaranteed by Starrex.;
- (iv) the issuance of 250,000 shares of Starrex common stock \$1.20 per share (*See Note 12*); and
- (v) Starrex also provided \$1,000,000 of working capital as of the closing date of the transaction.

The following table sets forth the final allocation of the purchase price to assets acquired, based on estimates of fair value, including a summary of major classes of consideration transferred, and the recognized amounts of assets acquired at the acquisition date:

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

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

Consideration Paid	\$9,245,369
Working capital	1,000,000
Accounts receivable	4,000
Property and equipment	50,575
Other assets	32,391
Customer relationships	1,281,000
Non-competition agreements	653,000
Accounts payable	(44,934)
Right-of-use Assets	602,578
Lease liabilities	(651,787)
Goodwill	6,318,546
	<hr/>
	\$9,245,369

The following table sets forth the revenue and net income for All American Title Co., Inc. since the acquisition date as at June 30, 2023 and for the six months ended June 30, 2023 as though the acquisition date had been as of the beginning of the reporting period:

	Six Months Ended		Acquisition Date through	
	June 30		June 30	
Revenue	\$	3,389,746	\$	2,325,741
Net Income (loss)	\$	(132,983)	\$	131,968

5. Property and Equipment

	Furniture & Equipment		Leasehold Improvements		Total
Cost					
As at December 31, 2022	\$	361,603	\$	138,197	\$ 499,800
Additions (Note 4)		215,177		30,750	245,927
As at June 30, 2023	\$	576,780	\$	168,947	\$ 745,727
Accumulated depreciation					
As at December 31, 2022	\$	152,446	\$	83,605	\$ 236,051
Additions (Note 4)		193,994		-	193,994
Expense		22,048		4,714	26,762
As at June 30, 2023	\$	368,488	\$	88,319	\$ 456,807
Net book value					
As at December 31, 2022	\$	209,157	\$	54,592	\$ 263,749
As at June 30, 2023	\$	208,292	\$	80,628	\$ 288,920

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(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	\$ 268,259	\$ 696,608	\$ 564,453	\$ 1,529,320
Additions (Note 4)	1,281,000	653,000	-	1,934,000
As at June 30, 2023	1,549,259	1,349,608	564,453	3,463,320
Accumulated depreciation				
As at December 31, 2022	\$ 264,578	\$ 689,094	\$ -	\$ 953,672
Expense	36,331	71,564	-	107,895
As at June 30, 2023	\$ 300,909	\$ 760,658	\$ -	\$ 1,061,567
Net Book Value				
As at December 31, 2022	\$ 3,681	\$ 7,514	\$ 564,453	\$ 575,648
As at June 30, 2023	\$ 1,248,350	\$ 588,950	\$ 564,453	\$ 2,401,753

7. Goodwill

The Company measures goodwill in business combinations at the acquisition date as the fair value of the consideration transferred including any non-controlling interest less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. The Company recorded \$6,318,546 in goodwill in the purchase price allocation for All American Title Co., Inc.

8. 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.

Right-of-use assets

Right-of-use asset	Total
Balance as at December 31, 2022	\$ 310,701
Additions (Note 4)	981,126
Balance as at June 30, 2023	\$ 1,291,827
Accumulated depreciation	
As at December 31, 2022	\$ (140,818)
Additions (Note 4)	(378,548)
Expense	(97,956)
Balance as at June 30, 2023	\$ (617,322)
Net book value	
As at December 31, 2022	\$ 169,883
As at June 30, 2023	\$ 674,504

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

8. Leases -- continued*Lease Liabilities*

Lease Liabilities		Total
As at December 31, 2022	\$	179,018
Additions (Note 4)		651,787
Principal lease payments		(96,888)
Balance as at June 30, 2023	\$	733,917
Current portion of lease liabilities	\$	255,862
Long-term portion of lease liabilities	\$	478,055

Amounts recognized in profit or loss as at June 30, 2023		Total
Interest on lease liabilities	\$	16,005

9. Related Party Transactions

AmCap Mortgage Ltd., a related customer (by common Director) accounted for \$494,350 (June 30, 2022 - \$5,531,014) of revenue to the Company. Discontinued operations accounted for \$3,976,377 of the revenue related to AmCap Mortgage Ltd. as at June 30, 2022. As at June 30, 2023, \$494,338 (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 \$205,280 in management fees and associated payroll for the six months ended June 30, 2023 (June 30, 2022 - \$205,280) to key members of management. These fees are included in payroll, management and corporate services. At June 30, 2023 and 2022, all amounts had been paid.

10. Loans 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 23, 2023. At the option of the Company, the note will become immediate due and payable. As at June 30, 2023, the Company recorded interest income of \$62,469 (June 30, 2022 - \$Nil).

The Company measures loss allowances based on an expected credit loss impairment (“ECL”) model for all financial instruments measured at amortized cost or fair value through other comprehensive income with recycling into income. Application of the model depends on the following credit stages of the financial assets.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

10. Loans Receivable – continued

- Stage 1 For new loans recognized and for existing loans that have not experience a significant increase in credit risk since initial recognition, a loss allowance is recognized equal to the lifetime credit losses expected to result from defaults occurring in the next 12 months.
- Stage 2 For those loans that have experienced a significant increase in credit risk since initial recognition, a loss allowance is recognized equal to the credit losses expected over the remaining life of the loan; and
- Stage 3 For loans that are considered to be credit-impaired, a loss allowance equal to full lifetime credit losses is recognized.

Significant judgement is required in making assumptions and estimates used to calculate the ECL, including movements between the three stages and the use of forward looking information. The measurement of ECL for each stage and the criteria used to determine a significant increase in credit risk uses information about past events and current conditions as well as reasonable and supportable projections of future events.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and consider reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that impact the Company's credit risk assessment.

As at June 30, 2023, the loans receivable have been classified Stage 2 based on the default date of June 23, 2023. The notes are secured with the underlying assets of the entities which are valued at approximately \$3,200,000 as at June 30, 2023.

The following table reconciles the carrying value of the loans receivable:

	June 30, 2023	December 31, 2022
Loans	\$ 4,207,394	\$ 1,776,889
Allowance for expected credit losses	(1,007,394)	-
Total	\$ 3,200,000	\$ 1,776,889

11. 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 June 30, 2023 and 2022:

	For the six months ended		For the three months ended	
	2023	June 30 2022	2023	June 30 2022
Title premium	\$ 2,325,741	\$ -	\$ 2,085,376	\$ -
Credit reporting revenue	1,558,541	2,287,246	711,706	1,021,714
Total	\$ 3,884,282	\$ 2,287,246	2,797,082	\$ 1,021,714

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

12. 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 (Note 4)	250,000	300,000
Balance, June 30, 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 quote market price of the Company's common shares at the time of issuance, were issued in conjunction with the acquisition of All American Title Co., Inc. (Note 4).

13. 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	0.99
Outstanding and exercisable, June 30, 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	0.26
Granted May 8, 2019	50,000 ⁽⁴⁾	50,000	\$ 0.60 ⁽⁵⁾	May 8, 2024	0.85
Granted November 25, 2019	25,000 ⁽²⁾	25,000	\$ 0.57 ⁽⁶⁾	November 23, 2024	1.41
Granted, January 8, 2020	450,000 ⁽¹⁾	450,000	\$ 0.52 ⁽⁷⁾	January 7, 2025	1.53
Granted, March 17, 2023	300,000 ⁽¹⁰⁾	300,000	\$ 1.20 ⁽⁹⁾	March 17, 2028	4.72
Total	900,000	900,000			3.67

(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.

(10) These options vest over three years.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

13. Share-Based Payments - continued

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 over three years.

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

	2023
Share price (\$USD)	1.20
Expected dividend yield	Nil
Risk free interest rate (%)	2.89
Expected stock volatility (%)	116.69
Expected life (years)	5

14. Net Loss Per Share

Basic net loss per share has been calculated based on the weighted average number of common shares outstanding as at June 30, 2023, of 16,368,031 (December 31, 2022 – 15,832,968).

15. 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 June 30, 2023, the Company had an outstanding balance of \$2,950,000 (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.

This financial instrument was elected to be measured using FVTPL through profit or loss. For the conversion option component, the Black Scholes model was used which takes into account the term of the note, expected price volatility, and the risk-free interest rate for the term of the convertible note. The following assumptions were used to calculate the fair value of the convertible note as at June 30, 2023 which resulted in an unrealized gain of \$138,008.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

15. Notes Payable – continued

	2023
Share price (\$USD)	1.01
Risk free interest rate (%)	4.54
Expected stock volatility (%)	96.64% - 122.38%
Expected life (years)	3

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.

The loan is valued at the present value of anticipated future repayments of the funds at each reporting date using a discount rate of 7%. The Company incurred \$73,821 accretion expense for the period ended June 30, 2023 (June 30, 2022 - \$nil). As at June 30, 2023, the Company had an outstanding balance of \$4,270,407 (December 31, 2022 - \$nil).

16. 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 \$7,960,940 as at June 30, 2023, (December 31, 2022 - \$8,194,614).

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 June 30, 2023 and the year ended December 31, 2022.

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 periods ended June 30, 2023 and 2022 have been classified as net income from discontinued 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

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

17. Discontinued operations - continued

revenues have been reconciled and closed. As at June 30, 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.

Net income from discontinued operations of the divestitures is as follows:

	Three Months Ended June 30 2022	Six Months Ended June 30 2022
Revenue		
Contracts with customers	\$ 3,402,772	\$ 6,996,684
Expenses		
Transaction costs	2,288,292	4,765,360
Payroll expenses	489,694	996,975
General and administrative	502,703	892,162
Depreciation and amortization	37,439	75,290
Professional expenses	49,385	104,641
Franchise tax expense	20,499	35,764
Total expenses	3,388,012	6,870,192
Income from discontinued operations	\$ 14,760	\$ 126,492
Income tax expense	-	15,999
Net income from discontinued operations	\$ 14,760	\$ 110,493

18. Segmented Disclosures

The Company organizes its reporting structure into three reportable segments. For management purposes, the Company is organized into segments based on their products and services provided. Management monitors the operating results of each segment separately for the purpose of making decisions about resource allocation and performance assessment. Starrex Insurance Holdings, Inc. and Starrex Technical Services, LLC are included in the Corporate segment.

The three reportable operating segments are as follows:

- i) Starrex International Ltd., or Corporate, manages the wholly owned subsidiaries, as well as shareholder services and corporate governance.
- ii) 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.
- iii) 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.

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

18. Segmented Disclosures - continued*Select financial information for the six months ended June 30, 2023 is presented as follows:*

	MFI Credit Solutions, LLC	All American Title Co., Inc.	Corporate	Total
Current assets	\$ 688,849	\$ 1,425,437	\$ 6,035,352	\$ 8,149,638
Property and equipment	3,655	50,576	234,689	288,920
Intangible assets	564,453	1,837,300	-	2,401,753
ROU Assets	-	552,420	122,084	674,504
Goodwill	-	6,318,546	-	6,318,546
Total assets	1,256,957	10,184,279	6,392,125	17,833,361
Current liabilities	736,471	104,166	4,613,168	5,380,023
Long term liabilities	-	478,055	4,760,735	5,238,790
Total liabilities	736,471	706,912	9,387,221	10,692,595
Revenues	1,558,541	2,325,741	434,033	4,318,314
Operating expenses	1,593,978	2,193,773	978,209	4,765,959
Accretion expense	-	-	73,782	78,782
Gain (loss) on asset / liability fair value	-	-	138,008	138,008
Expected credit loss	-	-	(1,007,394)	(1,007,394)
Operating income (loss) from continuing operations before provision for income tax	(35,437)	131,968	(1,487,344)	(1,390,813)
Income tax expense	-	-	-	-
Net income (loss) and comprehensive loss for the period	(35,437)	131,968	(1,487,344)	(1,390,813)

Starrex International Ltd.

Notes to Condensed Interim Consolidated Financial Statements

For the six-month periods ended June 30, 2023 and 2022

(Unaudited) (expressed in United States dollars)

18. Segmented Disclosures - continued*Select financial information for the six months ended June 30, 2022 is presented as follows:*

	MFI Credit Solutions, LLC	Corporate	Total
Current assets	\$ 685,135	\$ 971,120	\$ 1,656,255
Property and equipment	10,602	216,299	226,901
Intangible assets	709,537	49,521	759,058
ROU Assets	-	232,581	232,581
Goodwill	294,156	-	294,156
Total assets	\$ 1,699,430	\$ 1,469,521	\$ 3,168,951
Current liabilities	\$ 571,284	\$ 244,514	\$ 815,798
Total liabilities	\$ 571,284	\$ 244,514	\$ 815,798
Revenues	\$ 2,287,246	\$ 50,000	2,337,246
Expenses	\$ 2,211,281	\$ 295,246	2,506,527
Operating income (loss) from continuing operations before provision for income tax	\$ 75,965	\$ (245,246)	(169,281)
Income tax expense	-	-	-
Net income (loss) and comprehensive income (loss) for the period	\$ 75,965	\$ (245,246)	(169,281)