Starrex International Ltd.

Consolidated Financial Statements

December 31, 2023 and 2022

Expressed in U.S. Dollars

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December 31, 2023 and 2022

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Starrex International Ltd.

Opinion

We have audited the consolidated financial statements of Starrex International Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss year ended December 31, 2023 and, as of that date, the Company has a working capital deficiency. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Business combination	
The Company acquired All American Title Co., Inc., a provider of title insurance services, for an aggregate consideration of $8,746,640. The acquisition of All American Title Co., Inc. and its subsidiaries is a complex accounting matter and highly judgmental due to the significant estimation required in order to identify and value all assets and liabilities acquired, the resulting goodwill recognized, and all consideration conveyed, including the secured convertible note. The fair value of these items may be significantly different to the historical cost which had been previously recorded by the acquired business. The items may also not have previously met the recognition criteria under accounting standards. The acquisition accounting was a key audit matter given its financial significance to the Company and because significant judgment is involved in assigning a fair value to the assets and liabilities acquired and the consideration conveyed by the Company.	In this regard, our audit procedures included: - Evaluating the justification of business acquisition from management to ensure the compliance with IFRS 3; - Reviewing the fair value calculations of assets and liabilities identified, the purchase consideration conveyed including the contingent secured convertible note and the resulting goodwill recognized and impairment considerations - Reviewing expert's report that included methodology and assumptions used and assessing those inputs to be reasonable, testing management's process for determining the fair value of consideration in the form of the acquisition related contingent secured convertible note and accuracy of the underlying data used in the fair value calculation; and - Evaluating the adequacy of the overall presentation and disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of financial instruments	
The Company has notes payable recorded at fair value through profit and loss. This is presented in Note 16 of the consolidated financial statements. The classification of this instrument within the fair value hierarchy is level 3, for which quoted prices or observable inputs were not available. Management uses valuation techniques that require significant non-observable inputs, requiring management's estimation and judgement. The fair value measurement of the notes payable was a key audit matter as the valuation required the application of significant judgement in assessing the non-observable inputs used, including significant valuation judgements.	In this regard, our audit procedures included: - Evaluating the methodologies and significant inputs and assumptions used by the Company and assessing their reasonableness; - Testing fair value has been performed by the auditors' expert, to assess the modelling methodology, reasonableness of assumptions and significant inputs used to estimate the fair value, which included independently corroborating significant inputs from external sources; - Testing the underlying data used in the valuation techniques; and - Reviewing the overall presentation and disclosures in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

McGovern Hurley

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2024

Starrex International Ltd.

Consolidated Statements of Financial Position

Expressed in U.S. dollars

		December 31, 2023		December 31, 2022
ASSETS				
Current Assets				
Cash	**$**	**2,343,819**	$	7,856,519
Accounts receivable (Note 9)		**450,080**		479,346
Escrowed receivable (Note 20)		**-**		350,000
Notes receivable (Note 10)		**-**		1,716,889
Prepaid expenses		**146,450**		42,791
		2,940,349		10,445,545
Non-current assets				
Property and equipment (Note 4)		**270,088**		263,749
Intangible assets (Note 5)		**5,104,490**		575,648
Goodwill (Note 8)		**3,669,608**		-
Right-of-use assets (Note 6)		**1,024,001**		169,883
Total assets	**$**	**13,008,536**	$	11,454,825
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**1,454,762**	$	772,586
Income taxes payable		**-**		1,458,607
Note payable (Note 16)		**6,723,588**		850,000
Current portion of lease liabilities (Note 6)		**252,876**		93,503
		8,431,226		3,174,696
Non-current Liabilities				
Lease liabilities (Note 6)		**795,729**		85,515
Total liabilities	**$**	**9,226,955**	$	3,260,211
Shareholders' equity				
Share capital (Note 12)		**8,575,933**		8,275,933
Contributed surplus (Note 13)		**1,074,509**		390,136
Accumulated other comprehensive income		**(261,534)**		(261,534)
Deficit		**(5,607,327)**		(209,921)
Total shareholders' equity		**3,781,581**		8,194,614
Total liabilities and shareholders' equity	**$**	**13,008,536**	$	11,454,825

Nature of Operations and Going Concern (Note 1)

Commitment and contingencies (Note 21)

Subsequent events (Note 22)

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

On Behalf of the Board:

Signed: Charles Burns
Director

Signed: Scott M. Reeves
Director

Starrex International Ltd.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the fiscal years ended December 31, 2023 and 2022
Expressed in U.S. dollars

		2023		2022
Income				
Revenue from contracts with customers (Note 11)	**$**	**9,591,622**	$	3,795,284
Other revenue		**290,027**		13,327
		9,881,649		3,808,611
Expenses				
Transaction costs		**2,679,993**		2,338,581
Payroll expense		**4,416,018**		807,037
General and administrative		**2,535,606**		153,770
Professional fees (Note 7)		**980,339**		569,322
Management and corporate services (Note 7)		**410,560**		410,560
Depreciation and amortization (Notes 4, 5 and 6)		**797,774**		291,068
Shareholder services		**8,598**		22,788
Government, regulatory and filing fees		**39,542**		28,445
Shares-based payments (Notes 12 and 13)		**419,498**		-
Impairment loss (Notes 5 and 8)		**-**		376,972
Interest expense (Notes 6 and 16)		**364,595**		15,491
Franchise tax expense		**6,772**		15,866
		12,659,295		5,029,900
Net Loss before other items		**(2,777,646)**		(1,221,289)
Other income (expenses)				
Forgiveness of debt (Note 16)		**2,650,000**		-
Accretion expense on secured note payable (Note 16)		**(225,260)**		-
Revaluation of note payable to fair value (Note 16)		**397,602**		-
Expected credit loss (Note 10)		**(4,927,936)**		-
Net loss before provision for income taxes		**(5,678,444)**		(1,221,289)
Deferred income tax recovery		**(189,759)**		-
Net loss from continuing operations	**$**	**(5,488,685)**	**$**	**(1,221,289)**
Income from discontinued operations, net of tax	**$**	**-**	**$**	**5,377,265**
Net income and comprehensive income for the year	**$**	**(5,488,685)**	**$**	**4,155,976**
Basic and diluted net income (loss) per share for the year (Note 15)				
Continuing operations	**$**	**(0.33)**	$	(0.08)
Discontinued operations		**-**		0.34
Net income per share for the year	**$**	**(0.33)**	$	0.26
Diluted net income (loss) per share for the year (Note 15)				
Continuing operations	**$**	**(0.33)**	$	(0.07)
Discontinued operations		**-**		0.33
Net income per share for the year	**$**	**(0.33)**		0.26
Weighted average number of common shares outstanding (Note 15)				
Basic		**16,494,058**		15,832,968
Diluted		**16,494,058**		16,097,776

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

Starrex International Ltd.

Consolidated Statements of Changes in Equity

For the fiscal years ended December 31, 2023 and 2022

Expressed in U.S. dollars

	Number of Shares		Value		Contributed Surplus		Deficit		Accumulated Other Comprehensive Loss		Total
Balance, December 31, 2021	15,752,525	$	7,707,501	$	390,136	$	(4,365,897)	$	(261,534)	$	**3,470,206**
Shares issued for services (Note 12)	543,588		568,432		-		-		-		568,432
Net income for the year	-		-		-		4,155,976		-		4,155,976
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)	-		-		119,498		-		-		119,498
Options expired (Note 13)	-		-		(91,279)		91,279		-		-
Conversion option (Notes 3 and 16)	-		-		845,913		-		-		845,913
Deferred tax recovery on convertible note	-		-		(189,759)		-		-		(189,759)
Net loss for the year	-		-		-		(5,488,685)		-		(5,488,685)
Balance, December 31, 2023	**16,546,113**		**8,575,933**		**1,074,509**		**(5,607,327)**		**(261,534)**		**3,781,581**

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

Starrex International, Ltd.

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
Expressed in U.S. Dollars

	December 31, 2023	December 31, 2022
Cash flows from operating activities		
Net loss from continuing operations for the year	**$ (5,488,685)**	$ (1,221,289)
Items not affecting cash:		
Depreciation and amortization (Notes 4, 5 and 6)	**797,774**	291,068
Impairment loss (Note 5 and 8)	**-**	376,972
Share-based payments (Notes 12 and 13)	**419,498**	
Accretion expense (Note 16)	**225,259**	-
Revaluation of note payable to fair value (Note 16)	**397,602**	
Expected credit loss on notes receivables (Note 10)	**4,927,936**	-
Forgiveness of debt (Note 16)	**(2,650,000)**	-
Accrued interest income (Note 10)	**-**	(8,761)
Deferred tax recovery	**(189,759)**	
Net change in non-cash working capital items relating to operating activities		
Accounts receivable	**33,266**	(126,196)
Escrowed receivable	**350,000**	-
Prepaid expenses	**(71,268)**	(157)
Accounts payable and accrued liabilities	**637,242**	(383,872)
Incomes taxes payable	**(1,458,607)**	
Cash flows from operating activities - continuing operations	**(2,069,742)**	(1,072,235)
Cash flows from operating activities - discontinued operations	**-**	(170,941)
Cash flows from operating activities	**(2,069,742)**	(1,243,176)
Cash flows from investing activities		
Purchase of property and equipment	**(9,063)**	(53,044)
Acquisition of subsidiary (Note 3)	**(1,800,000)**	-
Proceeds issued on note receivable (Note 10)	**(3,211,047)**	(5,247,383)
Repayment of note receivable (Note 10)	**-**	3,539,255
Cash flows from investing activities - continuing operations	**(5,020,110)**	(1,761,172)
Cash flows from investing activities - discontinued operations	**-**	7,955,685
Cash flows from investing activities	**(5,020,110)**	6,194,513
Cash flows from financing activities		
Proceeds from notes payable (Note 16)	**4,000,000**	850,000
Repayment of note payable (Note 16)	**(2,200,000)**	
Principal lease payments (Note 6)	**(222,848)**	(91,501)
Cash flows from financing activities - continuing operations	**1,577,152**	758,499
Cash flows from financing activities - discontinued operations	**-**	(25,486)
Cash flows from financing activities	**1,577,152**	733,013
Increase / (decrease) in cash during the year	**(5,512,700)**	5,684,350
Cash, beginning of year	**$ 7,856,519**	$ 2,172,169
Cash, end of year	**$ 2,343,819**	$ 7,856,519

Non-cash financing activities:		
Right-of-use asset (Note 6)	**1,092,435**	**-**
Lease liability (Note 6)	**1,092,435**	**-**
Interest paid (Note 16)	**175,702**	4,976
Interest received (Note 10)	**269,674**	**-**

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

1. Nature of Operation and Going Concern

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.

These consolidated financial statements were approved by the Board of Directors on April 29, 2024.

The accompanying consolidated financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses and a working capital deficiency, the Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows. The Company incurred a net loss for the year ended December 31, 2023 and has a working capital deficiency. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. Accordingly, readers are cautioned that these consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

2. Significant Accounting Policies

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2023.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise noted.

Basis of Presentation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Principles of Consolidation

These consolidated financial statements include the Company and its wholly owned subsidiaries, Property Interlink, LLC, MFI Credit Solutions, LLC, Reliable Valuation Service, LLC, Starrex Technical Services, Inc., Starrex Insurance Holdings, Inc., Starrex Holdings, Inc. and All American Title Company, LLC (which was created upon amalgamation of All American Title Co., Inc., AmeriFirst Title, LLC, AAT Holdings, LLC, Ameripine, LLC and Amcap Title, LLC (Note 3)). All subsidiaries at December 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 to obtain benefits from its activities. Subsidiaries are included in the 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

Business Combinations

A business acquisition is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. A business need not include all of the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. If the integrated set of activities and assets is in the research and development stage, and thus, may not have outputs, the Company considers other factors to determine whether the set of activities and assets is a business.

In accordance with IFRS 3, Business Combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-controlling interest in an acquisition may be measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in profit or loss.

Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. Significant Accounting Policies - continued

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Financial Instruments ("IFRS 9") or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Judgments and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

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 consolidated financial statements are as follows:

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 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) Applying the 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.

d) 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 is also subject to tax regulations as they relate to flow-through financing arrangements. The Company's interpretation of taxation law as applied to transactions

2. Significant Accounting Policies – continued

and 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 consolidated 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.

e) 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 consolidated financial statements.

f) 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.

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 Company, LLC, was classified as a business combination with the convertible promissory note measured at 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.

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 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

2. Significant Accounting Policies – continued

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.

Revenue Recognition

Appraisal Services

Customers contractually initiate appraisal requests with Reliable Valuation Service, LLC, which provide real property valuations for mortgage lenders and banks. Revenue is recognized from appraisal services when the requested appraisal report is provided to the customer and collection is reasonably assured. Unsatisfied contracts at the end of a reporting period are reported as deferred revenue. These contracts are at fixed prices.

Credit Reporting Services

MFI Credit Solutions, LLC provides consumer credit reports to the real estate industry and consumer service companies. Revenue is derived primarily from mortgage banks and brokers.

Revenue is recognized from credit reporting services when the requested credit report is provided to the customer and collection is reasonably assured. Unsatisfied contracts, if any, at the end of a reporting period are reported as deferred revenue. Credit reports are delivered instantly upon request. These contracts are at fixed prices.

Title Insurance Premiums

All American Title Insurance Company, LLC provides residential and commercial title insurance policies to third parties. Premiums associated with title insurance policies are recorded and recognized as revenue at the closing of the related transaction.

Management Fees

Starrex International, Ltd. provides management consulting services to third parties. Revenue is recognized when the consulting activity has been completed. These contracts are at fixed prices.

Payment terms

The Company's payment terms require payment upfront or if credit is permitted, payment without penalty to be made within 30 days after the customer accepts transfer of ownership or notice of completion.

Intangible Assets

The Company's intangible assets consist of:

- Non-compete employment agreements;
- Customer relationships; and.
- Credit bureau repository codes.

The Company amortizes licensed software and proprietary software over its estimated useful life of 5 years on a straight-line basis. The Company amortizes non-compete employment agreements over the life of the agreement of 4-5 years. The Company amortizes its customer relationships over their estimated useful life of 5-10 years. The credit bureau repository codes are not amortized as they have an indefinite life.

2. Significant Accounting Policies - continued

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses if any. Intangible assets acquired through business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods of the intangible assets are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Internally Generated Intangible Assets

The Company recognizes expenditures on research activities as an expense in the year in which it incurs the expenditures. It recognizes an internally generated intangible asset arising from development if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditures attributable to the intangible asset during its development.

Property and equipment and right-of-use assets

Property and equipment and right-of-use assets are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the assets' estimated useful lives.

Furniture & equipment	5 - 7 years
Leasehold improvements	5 years
Right-of-use assets	Lesser of lease term or useful life

An asset's residual value, useful life and depreciation method are reviewed at the end of each reporting period and adjusted if appropriate. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

During their construction, property and equipment are not subject to depreciation. When the asset is available for use, depreciation commences.

Gains and losses on the disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Financial Instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVTPL") or fair value through other

2. Significant Accounting Policies - continued

comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVTPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of income. The Company measures cash, accounts receivable, escrowed receivable and notes receivable at amortized cost.

Subsequent measurement – financial assets at FVTPL

Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of income. The Company does not measure any financial assets at FVTPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

2. Significant Accounting Policies - continued

Impairment of financial assets

The Company's financial assets subject to impairment are cash, accounts receivable arising from appraisal and credit reporting activities, escrowed receivable and notes receivable which are measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company has elected to apply the simplified approach to impairment of accounts receivable as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

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. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities and note payable which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of income.

The Company measures accounts payable and accrued liabilities and note payable at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of income.

2. Significant Accounting Policies - continued

Compound financial instruments

The components of compound financial instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The liability component of a compound financial instrument is recognized initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component is accounted for at amortized cost using the EIR method until the instrument is converted or the instrument matures. The liability component accretes up to the principal balance at maturity. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. As at December 31, 2023 and 2022, the Company did have a convertible instrument (Note 16).

Fair value of financial instruments

The Company's financial instruments consist primarily of cash, accounts receivable, escrow receivable, notes receivable, accounts payable and accrued liabilities and note payable. The following fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

- 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.

The carrying amounts of these financial instruments approximates its fair value due to the short-term nature. There were no financial instruments subsequently measured at fair value.

Impairment of non-financial assets

The non-financial assets of the Company are comprised of property and equipment, intangible assets, goodwill and right-of-use assets. For non-financial assets excluding goodwill and indefinite life intangible assets, the Company assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication exists, then the Company estimates the asset's recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

2. Significant Accounting Policies - continued

Goodwill and intangible assets with indefinite life are reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Goodwill impairment and intangible assets with intangible life are tested at either the individual or group CGU level and is

determined based upon the recoverable amount of the individual CGU or group of CGUs compared to the individual CGU or group of CGUs respective carrying amount(s). The recoverable amount is the higher of fair value less costs to sell and the value in use. Value in use is generally determined using the discounted cash flow method. If the impairment loss exceeds the carrying amount of goodwill or intangible assets with indefinite life, the asset is written off completely. Any impairment loss left over is allocated to the remaining assets of the individual CGU or group of CGUs.

Cash

Cash includes deposits held with banks.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Stock-based Compensation

The Company has in effect a Stock Option Plan (the “Plan") which is described in Note 13. The Plan allows Company employees, directors and officers to acquire shares of the Company for a specified option amount set on the date of grant. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes model and is recorded as stock-based compensation expense over the vesting period of the options. Consideration paid on the exercise of stock options is credited to share capital. The contributed surplus associated with the options is transferred to share capital upon exercise.

2. Significant Accounting Policies - continued

Income Per Share

Basic income per common share is calculated by dividing the income attributed to shareholders for the year by the weighted average number of common shares outstanding in the year. Diluted income per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property, plant and equipment. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal group as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal group classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly

2. Significant Accounting Policies - continued

attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as net income (loss) from discontinued operations for the year in the consolidated statements of income and comprehensive income. Additional disclosures are provided in Notes 20. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

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 consolidated financial statements. These amendments had no material impact on the 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 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 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.

2. Significant Accounting Policies - continued

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. The amendments are effective for annual periods beginning on January 1, 2024.

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. Acquisition of All American Title Company, LLC

Effective March 17, 2023, the Company entered into a Purchase and Sale Agreement to purchase all of the member interests of All American Title Company, LLC (which was created upon amalgamation of All American Title Co., Inc., AmeriFirst Title, LLC, AAT Holdings, LLC, Ameripine, LLC and Amcap Title, LLC) ("AAT") for an aggregate amount of $8,746,640 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 16).* 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 16)* 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 16).* 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 pain 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.;

(expressed in United States dollars)

3. Acquisition of All American Title Company, LLC - continued

(iv) Starrex also provided $1,000,000 of working capital as of the closing date of the transaction.

AAT was acquired due to its accretive value and the alignment of corporate vision in the mortgage and real estate space in which Starrex operates. Since 2014, Starrex has operated consumer credit reporting agencies, staff appraisal and appraisal management subsidiaries, all of which are in the same market space as mortgage title insurance.

See notes 12 and 13 for acquisitions-related costs.

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:

Consideration Paid	
Cash	$ 1,800,000
Secured non-interest bearing promissory notes	4,196,626
Secured convertible notes	2,750,014
Total	$ 8,746,640
Fair value of identifiable assets and liabilities acquired:	
Accounts receivable	4,000
Property and equipment	50,575
Other assets	32,391
Customer relationships	3,992,000
Non-competition agreements	1,043,000
Accounts payable	(44,934)
Right-of-use Assets	1,092,435
Lease liabilities	(1,092,435)
Goodwill	3,669,608
	$ 8,746,640

The following unaudited pro forma financial information presents information as if the acquisition had been completed on January 1, 2023. The unaudited pro forma financial information presented below is for information purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the 2023 fiscal year. The unaudited pro forma financial information presented includes amortization charges for acquired intangible assets based on the values assigned in the purchase price allocation. If the acquisition was completed on January 1, 2023, revenue for the Company would have been approximately $7,503,470 and net loss would have been approximately $777,456.

		Twelve Months Ended December 31		**Acquisition Date through December 31**
Revenue	$	7,503,470	$	6,439,465
Net loss	$	(777,456)	$	(347,518)

(expressed in United States dollars)

4. Property and Equipment

		Furniture & Equipment		Leasehold Improvements		Total
Cost						
As at December 31, 2021	$	740,877	$	125.452	$	866,329
Additions		40,299		12,745		53,044
Disposals (Note 20)		(419,573)		-		(419,573)
As at December 31, 2022	$	361,603	$	138,197	$	499,800
Additions		59,638		-		59,638
As at December 31, 2023	**$**	**421,241**	**$**	**138,197**	**$**	**559,438**
Accumulated depreciation						
As at December 31, 2021	$	473,861	$	74,233	**$**	548,094
Expense		57,523		9,372		66,895
Disposals (Note 20)		(378,938)		-		(378,938)
As at December 31, 2022	$	152,446	$	83,605	$	236,051
Expense		43,871		9,428		53,299
As at December 31, 2023	$	**196,317**	**$**	**93,033**	**$**	**289,350**
Net book value						
As at December 31, 2022	$	209,157	$	54,592	$	263,749
As at December 31, 2023	$	**224,924**	**$**	**45,164**	**$**	**270,088**

(expressed in United States dollars)

5. Intangible Assets

	Business Software & Website	Proprietary Software	Non-Compete Agreements	Customer Relationships	Credit Bureau Repository Codes	Total
Cost						
As at December 31, 2021	$ 67,113	$ 200,377	$ 310,746	$ 834,962	$ 647,269	$ 2,060,467
Disposals (Note 20)	(67,113)	(200,377)	(42,487)	(138,354)	-	(448,331)
Impairment (Note 8)	-	-	-	-	(82,816)	(82,816)
As at December 31, 2021	$ -	$ -	$ 268,259	$ 696,608	$ 564,453	$ 1,529,320
Additions (Note 3)	-	-	1,043,000	3,992,000	-	5,035,000
As at December 31, 2022	**$ -**	$ -	$ **1,311,259**	$ **4,688,608**	$ **564,453**	$ **6,564,320**
Accumulated depreciation						
As at December 31, 2021	**$** 67,113	$ 196,156	$ 272,983	$ 626,122	$ -	$ 1,162,374
Expense	-	-	33,581	116,625	**-**	150,206
Disposals (Note 20)	(67,113)	(196,156)	(41,986)	(53,653)	**-**	(358,908)
As at December 31, 2021	**$ -**	$ **-**	$ **264,578**	$ **689,094**	$ **-**	$ **953,672**
Expense	-	-	199,244	306,914	**-**	506,158
As at December 31, 2022	**$ -**	$ **-**	$ **463,822**	$ **996,008**	$ **-**	$ **1,459,830**
Net Book Value						
As at December 31, 2022	**$** -	$ -	$ 3,681	$ 7,514	$ 564,453	$ 575,648
As at December 31, 2023	**$ -**	**$ -**	**$ 847,437**	**$ 3,692,600**	**$ 564,453**	**$ 5,104,490**

(expressed in United States dollars)

5. Intangible assets - continued

The details of individually material intangible assets are

	Carrying Amount		
	2023	2022	Remaining Amortization Period
AAT non-compete agreements	847,437	-	Approximately 3 years
AAT customer relationships	3,692,600	-	Approximately 9 years
MFI non-compete agreements	-	3,681	Fully amortized
MFI customer relationships	-	7,514	Fully amortized
MFI credit bureau repository codes	564,453	564,453	Definite life

6. 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. During the year-ended December 31, 2023, the Company recognized rent expense of $110,488 (2022 - $Nil) in profit and loss.

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.

On March 17, 2023, the Company acquired several lease agreements as part of its acquisition of All American Title Company, LLC, with monthly lease payments between $2,187 and $10,105. The Company applied a discount rate of 7% in the calculation of lease liabilities.

Right-of-use assets

Right-of-use asset		**Total**
Balance as at December 31, 2021	$	386,812
Disposals (Note 20)		(76,111)
Balance as at December 31, 2022	$	310,701
Additions (Note 3)		1,092,435
Balance as at December 31, 2023		**1,403,136**
Accumulated depreciation		
Balance as at December 31, 2021	$	(96,917)
Disposal (Note 20)		69,142
Expense		(113,043)
Balance as at December 31, 2022	$	(140,818)
Expense		(238,317)
Balance as at December 31, 2023	**$**	**(379,134)**
Net book value		
As at December 31, 2023	**$**	**1,024,001**
As at December 31, 2022	$	169,883

(expressed in United States dollars)

6. Leases - continued

Lease Liabilities

		Total
Balance as at January 1, 2022	$	298,380
Disposal (Note 20)		(2,375)
Principal lease payments		(116,987)
Balance as at December 31, 2022	$	179,018
Additions (Note 3)		1,092,435
Principal lease payments		(222,848)
Balance as at December 31, 2023	$	1,048,605
Current portion of lease liability		252,876
Long-term portion of lease liability		795,729

The Company incurred $63,713 of interest expense related to the lease (2022 - $15,491).

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

2024	$ 317,878
2025	209,067
2026	204,727
2027	185,059
2028	156,658
2029	193,736
Total contractual cash flows	**$ 1,267,125**
Less: interest expense	218,520
Lease liability	**$ 1,048,605**

7. Related Party Transactions

Amcap Mortgage Ltd.

AmCap Mortgage Ltd., a related customer (by common Director), accounted for $1,774,806 (December 31, 2022 - $8,170,084) of revenue to the Company. Of this amount $Nil relates to revenue from discontinued operations (December 31, 2022 - $5,641,637) (Note 20). As at December 31, 2023 $169,043 (December 31, 2022 – $151,305) is included in accounts receivable on the 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:

i) The Company incurred $410,560 in management fees, bonuses and associated payroll for the year ended December 31, 2023 (2022 - $1,704,842) to key members of management. These fees are included in payroll, management and corporate services and net income from discontinued operations. At December 31, 2023 and 2022 all amounts had been paid.

(expressed in United States dollars)

7. Related Party Transactions - continued

ii) The Company incurred $118,355 of professional fees for the year-ended December 31, 2023 (2022 – $100,458) from a law firm for legal services. One of the directors of the Company is a partner in this law firm. Included in accounts payable and accrued liabilities as at December 31, 2023 is $6,712 (2022 – $21,430) owing to this law firm. The amounts are unsecured, non-interest bearing and due on demand.

iii) The company also incurred $557,707 in share-based payments during the year ended December 31, 2022 associated with the issuance of 533,332 common shares to officers and directors associated with the divestiture of related assets in Property Interlink, LLC and Reliable Valuation Service, LLC. This compensation is included in discontinued operations (Note 20).

8. Goodwill

The change in net carrying amount of goodwill for the years ended December 31, 2023 and 2022 is as follows:

	Property Interlink LLC	MFI Credit solutions, LLC	All American Title Company, LLC	Total
Balance, December 31, 2021	**$ 621,132**	**$ 294,156**	$ -	**$** 915,288
Disposal (Note 20)	**(621,132)**	**-**	-	(621,132)
Impairment	**-**	**(294,156)**	-	(294,156)
Balance, December 31, 2022	**$** **-**	**$** **-**	$ -	**$** -
Acquisition (Note 3)	**-**	**-**	3,669,608	3,669,608
Balance, December 31, 2023	**$** **-**	**$** **-**	$ 3,669,608	**$** 3,669,608

During December 31, 2022, the Company divested the related assets of Property Interlink, LLC and goodwill in the amount of $621,132 was disposed of (Note 20). As at December 31, 2022, the remaining goodwill balance related to MFI Credit Solutions, LLC. The Company has assessed that there is a single cash generating unit. The Company assesses whether there are events or changes in circumstances that would more likely than not reduce the fair value of its CGU to below its carrying value and, therefore, require goodwill to be tested for impairment at the end of each reporting period.

As at December 31, 2022, the Company performed its annual impairment test on the goodwill based on the higher of value in use ("VIU") and fair value less cost of disposal ("FVLCD") of the cash generating unit ("CGU"), determined in accordance with the expected cash flow approach, a level 3 valuation technique. The recoverable amount was determined to be the VIU, in the amount of $575,468. The key assumptions used in the calculation of the recoverable amount relate to five-year future cash flows, weighted average cost of capital ("WACC") and growth rate. These key assumptions were based on historical data from internal sources as well as industry and market trends.

As the recoverable amount was below the carrying value of $952,440 as at December 31, 2022, an impairment loss of $376,972 (2021 - $nil) was recognized, of which $294,156 allocated to goodwill, with the remaining allocated to credit bureau repository codes (Note 5).

(expressed in United States dollars)

8. Goodwill - continued

WACC	2023	2022
MFI Credit Solutions, LLC	N/A	23.65%

Growth rate	2023	2022
MFI Credit Solutions, LLC	N/A	0%

9. Accounts Receivable

Accounts receivable primarily consists of outstanding balances in MFI Credit Solutions, LLC and All American Title Company, LLC associated with the delivery of credit reports and issuance of title insurance policies

Accounts receivable balances as at December 31, 2023 and 2022 are as follows:

		2023		2022
Appraisal receivables	$	-	$	7,495
Credit reporting receivables		215,602		195,069
Title Insurance receivables		89,401		-
Other receivables		145,077		276,782
Total	$	450,080	$	479,346

Aging of accounts receivable as at December 31, 2022 and 2021 are as follows:

	Title Insurance Receivables				Credit Reporting Receivables			
Aging		**2023**		**2022**		**2023**		**2022**
Current	$	89,401	$	-	$	98,498	$	184,485
31-60 days		-		-		106,192		8,845
61-90 days		-		-		10,288		692
>90 days		-		-		624		1,047
Total	$	89,401	$	-	$	215,602	$	195,069

10. 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 23, 2023. At the option of the Company, the note will become immediate due and payable. As at December 31, 2023, the Company recorded interest income of 269,674 (2022 - $8,761).

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.

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.

(expressed in United States dollars)

10. Note Receivable - continued

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 December 31, 2023, the loans receivable have been classified Stage 3 based on the default date of June 23, 2023. The notes are secured with the underlying assets of the entities. The Company filed petitions for relief against the title insurance companies, who are now insolvent and have ceased operations.

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

		December 31, 2023		**December 31, 2022**
Opening balance	**$**	**1,716,889**	$	-
Proceeds issued		**3,211,047**		5,247,383
Interest income		**269,674**		8,761
Repayments		**(269,674)**		(3,539,225)
Allowance for expected credit losses		**(4,927,936)**		-
Total	**$**	**-**	$	1,716,889

11. Revenue from Contracts with Customers

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

		2023		**2022**
Title premium	$	6,439,465	$	-
Credit reporting revenue		2,601,250		3,627,366
Consulting income		550,907		167,918
Total	$	9,591,622	$	3,795,284

(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, 2021	15,752,525	7,707,501
Shares issued	543,588	568,432
Balance, December 31, 2022	16,296,113	8,275,933
Shares issued	250,000	300,000
Balance, December 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 conjunction with the acquisition of All American Title Company, LLC (Note 3).

On November 7, 2022, 543,588 common shares valued at $568,432 ($739,280 CAD), based on the quoted market price of the Company's common shares at the time of issuance, were issued in connection with the asset sale of Property Interlink, LLC and Reliable Valuation Service, LLC. Certain officers and directors received 533,332 common shares, valued at $557,707 ($725,332 CAD). This compensation is included in discontinued operations (Note 20).

13. Contributed Surplus

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 $**
Outstanding, December 31, 2021 and 2022	600,000	0.64
Options expired	(75,000)	1.38
Options forfeited	(35,500)	1.20
Options issued	300,000	1.20
Outstanding, December 31, 2023	**789,500**	**0.81**

(expressed in United States dollars)

13. Contributed Surplus - continued

	Number of Options Outstanding	Number of Options Exercisable		Exercise Price	Expiry Date	Weighted Average Remaining Life
Granted May 8, 2019	50,000[(4)]	50,000	$	0.59[(5)]	May 8, 2024	0.35
Granted November 25, 2019	25,000[(2)]	25,000	$	0.56[(6)]	November 23, 2024	0.90
Granted, January 8, 2020	450,000[(1)]	450,000	$	0.51[(7)]	January 7, 2025	1.02
Granted, March 17, 2023	264,500[(8)]	-	$	1.20	March 17, 2028	4.21
Total	**789,500**	**525,000**				**2.05**

(1) Executive Officers or Directors of the Company hold 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.
(8) These options vest over three years.

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 Company, LLC to purchase common shares of the Corporation with an exercise price of USD$1.20 (Note 3). The options expire March 17, 2028, and vest over three years.

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

	2023
Share price ($)	1.20
Expected dividend yield	Nil
Risk free interest rate (%)	2.89
Expected stock volatility (%)	118
Expected life (years)	7

The Company recorded $119,498 in share-based payments associated with the options granted for the year-ended December 31, 2023 (December 31, 2022 $nil).

(expressed in United States dollars)

14. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 – 26.5%) and the United States federal statutory income tax rate of 21% (2022 – 21%) to the effective tax rate is as follows:

		2023		2022
Loss before provision for income taxes	**$**	**(5,678,444)**	$	(1,221,289)
Expected income tax expense	**$**	**(1,298,000)**	$	(273,000)
Adjustments to expected income tax expense:				
Share-based compensation		**11,000**		-
Other		**16,000**		57,000
Expenses not deductible for tax purposes		**187,241**		7,000
Change in tax benefits not recognized		**792,000**		209,000
Deferred income tax recovery	**$**	**(189,759)**	$	-

Unrecognized Deferred Tax

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

		2023		2022
Recognized deferred tax assets and liabilities:				
Non-capital loss carry-forwards	**$**	**(189,759)**	$	-
Note payable		**189,759**		-
Total	**$**	**-**	$	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2022		2021
Unrecognized deferred tax assets:				
Canadian capital losses carried forward	**$**	**3,232,000**	$	2,263,000
Canadian non-capital losses carried forward		**2,317,000**		3,320,000
United States intangible assets		**675,000**		378,000
United States non-capital losses carried forward		**3,822,000**		87,000
Other		**92,000**		61,000
Total	**$**	**10,138,000**	$	6,109,000

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(expressed in United States dollars)

14. Income Taxes - continued

The Company's Canadian non-capital income tax losses expire as follows (in CAD):

2035	395,000
2036	1,174,000
2037	419,000
2038	105,000
2039	206,000
2040	116,000
2041	295,000
2043	999,000
	$ 3,709,000

The Company's United States non-capital income tax losses carried forward are $3,822,000 (2022 – $87,000) and may be carried forward indefinitely subject to an 80% limitation of taxable income.

15. Net Income per Share

The dilutive effect of stock options is determined by using the treasury stock method and adjusts the figure used in the determination of basic earnings per share to take into account the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2023	**2022**
Numerator:		
Net loss from continuing operations	**(5,488,685)**	(1,221,289)
Realized gain from disposition of assets, net of tax (Note 20)	**-**	5,467,916
Net income from discontinued operations (Note 20)	**-**	(90,651)
Net income for the year	**(5,488,685)**	4,155,976
Denominator:		
Weighted average number of common shares outstanding - basic	**16,494,058**	15,832,968
Weighted average effect of diluted stock options (i)	**-**	264,808
Weighted average number of common shares outstanding - diluted	**16,494,058**	16,097,776
Basic net income (loss) per share for the year		
Continuing operations	**(0.33)**	(0.08)
Discontinued operations	**-**	0.34
Net income per share for the year	**(0.33)**	0.26
Diluted net income (loss) per share for the year		
Continuing operations	**(0.33)**	(0.07)
Discontinued operations	**-**	0.33
Net income per share for the year	**(0.33)**	0.26

(expressed in United States dollars)

15. Net Income per Share - continued

(i) The determination of the weighted average number of common shares outstanding – diluted excludes all options because they were anti-dilutive for the year ended December 31, 2023 (December 31, 2022 – 75,000).

16. Notes Payable

	2023	2022
Promissory note - Agents National Title Insurance Company	$ -	$ 850,000
Convertible promissory note – AAT	4,421,885	-
Promissory note - AAT	2,301,703	-
	$ 6,723,588	$ 850,000
Less current portion	6,723,588	850,000
Long-term portion	$ -	$ -

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 December 31, 2023, the Company had an outstanding balance of $nil (December 31, 2022 - $850,000). The lender exercised its option to terminate the credit facility effective October 17, 2023. The lender filed a statement of claim seeking a summary judgment for the amounts outstanding. The Company settled the matter for a total consideration of $2,200,000 paid to the lender which resolved all claims, losses and disputes related to and arising from the credit facility and recognized a debt forgiveness of $2,650,000 (2022 - $Nil). For the year-ended December 31, 2023, the

Company incurred $175,702 in interest expense associated with the note (December 31, 2022 - $nil).

On March 17, 2023, the Company entered into a convertible promissory note in the amount of $2,700,000 in connection with the acquisition of All American Title Company, LLC. The note bears an interest rate of 6% per annum, accruing monthly and payable semi-annually commencing October 1, 2023. Payment of this convertible note is conditional upon earn out provisions based on a target performance for the entities acquired. To the extent annual performance 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. 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 pain 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. For the year-ended December 31, 2023, the Company incurred $125,102 in interest expense associated with the notes (December 31, 2022 - $nil).

(expressed in United States dollars)

16. Notes Payable - continued

As the prepayment and downward adjustments result in the recognition of an embedded derivative, the Company designated the liability portion of this financial instrument at FVTPL and any changes in the fair value in the consolidated statement of income (loss). The fair value of the convertible debenture was calculated using a combination of discounted cash flows using a discount rate of 15.73% and an option pricing model using the following inputs::

	2023
Share price ($USD)	**1.20**
Expected dividend yield	**Nil**
Risk free interest rate (%)	**3.55**
Expected stock volatility (%)	**96.64 – 122.38**
Expected life (years)	**3**
Weighted Average Cost of Capital	**15.73%**
Market Interest Rate	**7%**

On initial recognition, the Company valued the entire financial instrument at a fair value of $2,750,014. The financial liability was initially recognized at a value of $1,904,101 and the residual amount of $845,913 was allocated to the conversion feature which has been recorded as contributed surplus.

As at December 31, 2023, the fair value of the convertible debenture was calculated using discounted cash flows with a discount rate of 15.73%.

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 Company, LLC. 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 $225,259 accretion expense for the period ended December 31, 2023 (December 31, 2022 - $nil). As at December 31, 2023, the Company had an outstanding balance of $4,421,884 (December 31, 2022 - $nil).

Below is a reconciliation of changes in the fair value of the AAT convertible debenture:

	2023	**2022**
Opening balance	$ -	$ -
Issuance during the year	2,750,014	-
Revaluation of note payable to fair value	397,602	-
Less conversion	(845,913)	-
Ending balance	$ 2,301,703	$ -

17. 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 $3,781,581 as at December 31, 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

17. Capital Disclosures - continued

imposed capital requirements.

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

18. Financial Risk Factors

The Company's financial instruments consist of cash, accounts receivable, escrowed receivable, note receivable, accounts payable and accrued liabilities and note payable. As at December 31, 2023 and 2022, 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 the past. As at December 31, 2023, the Company had a $nil balance in the reserves for credit losses and had no material past due trade receivables (December 31, 2022 - $nil).

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. The Company has provided a $4,927,936 balance in reserves for expected credit losses as at December 31, 2023, associated with the note receivable (December 31, 2022 - $nil) (Note 10).

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 December 31, 2023, the Company had cash of $2,343,819 (2022 - $7,856,519) available to settle current liabilities of $8,431,226 (2022 - $3,174,696).

18. Financial Risk Factors - continued

The Company has the following undiscounted contractual obligations subject to liquidity risk, in addition to those relating to lease liabilities disclosed in Note 6.

		<1 year		2-5 years		< 5 years
Accounts payable and accrued liabilities	$	1,454,762	$	-	$	-
Note payable (Note 16)		7,200,000		-		-
Total	$	8,654,762	$	-	$	-

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 Company, LLC. 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 December 31, 2023 and 2022, the Company held immaterial amounts of accounts receivable and accounts payable and accrued liabilities in Canadian currency and considers foreign currency risk to be low.

		December 31, 2022		**December 31, 2022**
Accounts receivable	**$**	**59,206**	$	27,380
Accounts payable and accrued liabilities		**(174,472)**		(31,268)
Total	**$**	**(115,266)**	$	(3,888)

Concentration Risk

The Company has certain customers whose revenue individually represented 10% or more of the Company's total revenue. Concentration risk for Amcap Mortgage, Ltd. is as follows:

	2023		2022	
Segment	**Revenue ($)**	**Revenue (%)**	**Revenue ($)**	**Revenue (%)**
Credit reporting revenue	$ 1,774,806	68	$ 2,516,684	66
Total	$ 1,774,806	68	$ 2,516,684	66

All of the Company's revenue for the year ended December 31, 2023 and 2022, was in the United States.

As at December 31, 2023, one customer, Amcap Mortgage, Ltd accounted for 77% ($169,043) of the Company's credit reporting receivable balances.

As at December 31, 2022, one customer, Amcap Mortgage, Ltd accounted for 78% ($151,305) of the Company's credit reporting receivable balances.

(expressed in United States dollars)

18. Financial Risk Factors - continued

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.

Fair value of financial instruments

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at December 31, 2023 and 2022, the carrying and fair value amounts of the Company's financial instruments, other than certain notes payable, are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company has determined the carrying values of its financial instruments as follows:

i) The carrying values of cash, accounts receivable, note receivable, accounts payable and accrued liabilities and certain note payables approximate their fair values due to the short-term nature of these instruments.
ii) Certain notes payable are carried at amounts in accordance with the Company's accounting policies as set out in Note 3 of the consolidated financial statements.

The following tables illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2023.

	Level 3
Notes payable (Note 16)	$ 2,301,703

There we no financial instruments measured at fair value as at December 31, 2022. There were no transfers between levels of the fair value hierarchy during the year-ended December 31, 2023. Within Level 3, the Company, included the notes payable described in Note 16. The key unobservable inputs used in the valuation of the notes payable include future performance targets being reached and the discount rate applied to the expected future cash outflows.

A 10% sensitivity in the annual performance targets would increase/decrease net loss and comprehensive loss by $66,000. A 2% sensitivity in the discount rate would increase/decrease the net loss and comprehensive loss by $58,000.

19. Segmented Disclosures

The Company organized 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.

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 Company, LLC. 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.

(expressed in United States dollars)

19. Segmented Disclosures - continued

Select financial information for the year-end December 31, 2023 is presented as follows:

	MFI Credit Solutions, LLC	All American Title Company, LLC	Corporate	Total
Current assets	$ 254,894	$ 1,990,860	$ 694,595	$ 2,940,349
Property and equipment	2,288	50,585	217,215	270,088
Intangible assets	564,453	4,540,037	-	5,104,490
ROU Assets	-	949,718	74,283	1,024,001
Goodwill	-	3,669,608	-	3,669,608
Total assets	821,635	11,200,808	986,093	13,008,536
Current liabilities	472,885	525,415	7,432,926	8,431,226
Long term liabilities	-	795,729	-	795,729
Total liabilities	472,885	1,321,144	7,432,926	9,226,955
Revenues	2,601,250	6,439,465	840,934	9,881,649
Operating expenses	2,906,807	6,786,983	2,935,505	12,659,295
Forgiveness of debt	-	-	(2,650,000)	(2,650,000)
Accretion expense	-	-	225,260	225,260
Loss on liability fair value	-	-	397,602	397,602
Expected credit loss	-	-	4,927,936	4,927,936
Operating income (loss) from continuing operations before provision for income tax	(305,557)	(347,518)	(5,025,369)	(5,678,444)
Deferred tax recovery	-	-	(189,759)	(189,759)
Net income (loss) and comprehensive loss for the year	(305,557)	(347,518)	(4,835,610)	(5,488,685)

The Company only had 1 reportable segment for the year-end December 31, 2022.

20. 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.

(expressed in United States dollars)

20. Discontinued Operations - continued

As a result, the operating results of Property Interlink, LLC and Reliable Valuation Service, LLC for the years ended December 31, 2022 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.

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

Analysis of assets and liabilities over which the Company lost control is as follows:

		November 7, 2022
Proceeds		
Cash received	$	9,450,000
Escrow receivable		350,000
Working capital adjustment		150,221
Less costs of disposal:		
Legal fees		(89,726)
Consulting fees		(643,094)
Insurance		(54,716)
Bonus payments		(1,425,432)
		7,737,253
Net assets sold		
Accounts receivable	$	289,037
Prepaid expenses		62,342
Property and equipment, net of depreciation		40,635
Right-of-use asset		6,969
Intangible assets		89,423
Goodwill		621,132
Accounts payable and accrued liabilities		(6,236)
Contract liabilities		(314,259)
Lease liabilities		(2,375)
Net assets disposed of		786,668
Realized gain from disposition of assets	$	6,950,585
Income tax expense		(1,482,669)
Realized gain from disposition of assets, net of tax	$	5,467,916

(expressed in United States dollars)

Net income from discontinued operations and gain on sale of the divestitures is as follows:

	2022
Revenue	
Contracts with customers	$ 10,224,264
Expenses	
Transaction costs	6,957,514
Payroll expenses	1,603,950
General and administrative	1,411,151
Professional fees	167,076
Depreciation and amortization	39,076
Franchise tax expense	120,149
Total expenses	$ 10,298,916
Income (loss) from discontinued operations before taxes	(74,652)
Realized gain on disposition of assets, net of tax	5,467,916
Income tax	(15,999)
Net income from discontinued operations	$ 5,377,265

21. Commitments and Contingencies

Legal claims

The Company is party to various claims and proceedings arising in the normal course of business. Management does not expect these matters to have a material adverse effect on the Company's results of operations or financial position.

22. Subsequent Events

i) Effective February 1, 2024, Starrex Insurance Holdings, Inc. entered into a loan agreement with a title insurance company in the amount of $125,000, of which $50,000 has been advanced. The note carries an interest rate of 6% per annum, with interest payments due July 1, 2024, October 1, 2024 and January 1, 2025. The maturity date of the note is February 1, 2025.

ii) Effective March 17, 2024, the Company was in default for non-payment of the promissory note due in conjunction with the acquisition of All American Title Company, LLC. These negotiations are ongoing.

iii) Effective March 21, 2024, the Company entered into an agreement to divest substantially all of the related assets of MFI Credit Solutions, LLC for a total consideration of $500,000 cash. The Company incurred $9,730 of professional fees related to the sale.