

**The attached Management’s Discussion  
and Analysis – Quarterly Highlights  
for the Three Months Ended March 31, 2016 (“MD&A”)  
is being filed on SEDAR  
to augment disclosures relating primarily to reconciliations  
between discontinued operations and continuing operations  
arising from the decision in the second quarter of 2015  
to divest two subsidiaries and the divestiture of those subsidiaries  
in the third quarter of 2015, as well as to correct certain clerical errors  
in the previously filed MD&A for the same period.**



**AMENDED AND RESTATED  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTERIM MD&A – QUARTERLY HIGHLIGHTS**

THREE MONTHS ENDED MARCH 31, 2016

January 18, 2017

This Management's Discussion and Analysis – Quarterly Highlights (MD&A) contains management's interpretation of Starrex International Ltd.'s performance for the three months ended March 31, 2016. While the financial statements reflect actual financial results, the Interim MD&A – Quarterly Highlights explains these results from management's perspective and provides the Company's plans and budget for subsequent periods ahead. This Interim MD&A – Quarterly Highlights is dated January 18, 2017.

This Interim MD&A – Quarterly Highlights should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2016 and 2015 and related notes. Together, the Interim MD&A – Quarterly Highlights and financial statements provide key information about the Company's performance and ability to meet its objectives.

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## Important information about this MD&A

- The information in this MD&A is prepared as of January 18, 2017.
- The terms “we”, “us,” “our,” and “Company” refer to Starrex International Ltd.
- This MD&A contains forward-looking information and statements regarding strategies, objectives, expected operations and financial results, which are based on the Company's current views of future events and financial performance. Key risks and uncertainties are discussed in the Risks and risk management section of this MD&A. However some risks and uncertainties are beyond the control of the Company and are difficult to predict. Actual future outcomes may substantially differ from the expectations stated or implied in this MD&A.
- The words “believe,” “plan,” “intend,” “estimate,” “expect,” “anticipate,” and similar expressions, as well as future conditional verbs, such as “will,” “should,” “would,” and “could” often identify forward-looking statements.
- The words “plan” and “budget” are synonymous in the MD&A and are used interchangeably. Both describe the planned budget revenue and expenses for the related fiscal year.
- Unless otherwise specified, references to a year refer to the Company's fiscal year ended December 31, 2015.
- All financial information related to 2016 and 2015 has been prepared in accordance with International Financial Reporting Standards (IFRS). For more information, see the notes to the financial statements, in particular, Note 3 *Significant Accounting Policies*.
- Amounts shown in this MD&A are expressed in United States Dollars, unless otherwise specified.
- Due to rounding, some variances may not reconcile and analysis of components may not sum to the analysis for the grouped components.

## About Starrex International Ltd.

A summary of our business, core values and goals

Starrex International Ltd. is an emerging financial services conglomerate, sitting inactive for many years until the end of November 2013. The Company completed its initial business acquisition in the third quarter of 2014.

Our primary business operations are conducted through our wholly-owned subsidiary, Property Interlink, LLC, a United States Colorado limited liability company ("Property Interlink"). Property Interlink is a licensed appraisal management company ("AMC") providing objective and comprehensive evaluations of residential real estate. An appraisal management company is defined as an independent entity through which mortgage lenders order residential real estate valuation services for properties on which they are considering extending loans to homebuyers.

As of March 31, 2016, Property Interlink is active in twenty states.

Property Interlink provides residential appraisals to third parties in the United States. In exchange for these contractual services, the Company charges a specific rate, with additional premiums charged for extenuating circumstances with respect to geographic location of the property and size of the property under review. Property Interlink also performs review services for repairs and new construction.

Property Interlink contributes to correlating industry-specific affiliations by actively participating in the Appraisal Institute and other U.S. appraisal organizations.

From time to time, the mortgage industry will pass new regulations or amend existing regulations that impact the appraisal industry with respect to pricing. When this occurs, the Company's compliance personnel provides guidance relative to company-wide rate changes that may be needed to ensure financial viability and shareholder value. These changes are discussed and approved by Senior Management, then implemented accordingly.

Company management continues to regularly review and evaluate unsolicited merger and/or acquisition ("M&A") transactions - in diverse financial, resource and industrial business sectors.

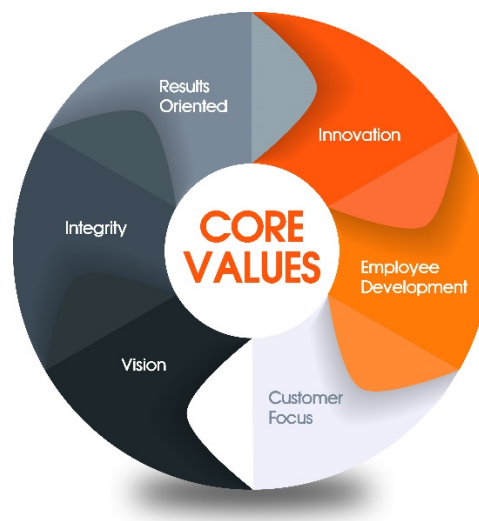
Starrex is traded on the Canadian Securities Exchange under symbol STX and on the OTC QB in the United States under symbol STXMF.

Copies of all relevant financial documents, including the annual and interim Company filings to date, may also be referenced on the regulatory filings website [www.sedar.com](http://www.sedar.com).

## Core Values

Starrex is committed to its shareholders by consistently focusing on continued growth in volume, as well as positive net income per share. This is achieved by well managed operations and executing strategic operations.

Our primary focus in Property Interlink is results oriented customer service, with employee development a cornerstone to the success of the subsidiary.



## Vision & Goals

- To acquire and invest in well managed, profitable businesses in a manner that creates value for all parties.
- To deliver the best level of service available in the appraisal management and real estate business sector.
- To provide business and financial transparency to our shareholders and investors.

For more information about Starrex, please see our website at [www.starrexintl.com](http://www.starrexintl.com).

## Operating Results

A summary of our financial results and discussion of revenue and expenses

Property Interlink has developed an internal staffing model which creates additional net profit per appraisal that is completed. This model affords the Company more control over internal associates versus that over an independent contractor, which reduces turnaround time and improved process efficiency for appraisal management. This model was implemented during the first quarter of 2015, with steady increases in the revenue earned per appraisal revenue month over month.

The operations and revenue of Property Interlink, LLC are directly affected by United States housing market condition and trends.

### Selected two-year quarterly information

	Q1*	Q4	Q3*	Q2*	Q1*	Q4	Q3	Q2
	2016	2015	2015	2015	2015	2014	2014	2014
Revenue	1,335,990	1,308,835	1,504,880	1,589,415	1,494,474	1,579,982	622,989	2,434
<b>Loss from continuing operations</b>	<b>(248,165)</b>	<b>(203,963)</b>	<b>(317,868)</b>	<b>(55,253)</b>	<b>(272,036)</b>	<b>(1,135,460)</b>	<b>(243,788)</b>	<b>(137,890)</b>
<b>Loss and comprehensive loss</b>	<b>(248,165)</b>	<b>(172,416)</b>	<b>(243,857)</b>	<b>(286,092)</b>	<b>(272,036)</b>	<b>(1,478,448)</b>	<b>(170,812)</b>	<b>(165,429)</b>
<b>EBITDA</b>	<b>(192,553)</b>	<b>(225,382)</b>	<b>(186,636)</b>	<b>(231,502)</b>	<b>(123,892)</b>	<b>(1,380,259)</b>	<b>(170,812)</b>	<b>(165,395)</b>
Total assets	4,230,945	4,271,665	4,460,543	5,245,125	5,491,961	5,672,606	6,151,395	1,182,780
Total liabilities	1,070,999	863,555	730,715	1,516,057	1,547,838	1,456,447	1,104,487	57,665
Shareholders' Equity	3,159,945	3,408,110	3,729,828	3,729,068	3,944,123	4,216,159	5,046,908	1,125,115
Net loss per share for continuing operations	(0.02)	(0.01)	(0.02)	(0.00)	(0.02)	(0.10)	(0.03)	(0.02)
Basic and diluted loss per share	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.13)	(0.02)	(0.02)

*\*Financial Statements for this period have been Amended and Restated*

<sup>(1)</sup> See comments below regarding prior period adjustments.

<sup>(2)</sup> Due to certain post-period reclassifications and impairment charges, certain amounts stated for quarterly revenue and losses do not aggregate to the year-to-date amounts in the Company's interim financial statements. See comments below.

The Company restated its annual financial statements for the period ended December 31, 2015 as well as the interim unaudited financial statements for the periods ended June 30, 2015 and September 30, 2015. Subsequently, management reconciled and corrected revenue associated with discontinued operations that were not included in the Notes to those financial statements. Specifically, \$94,309 in revenue was reclassified to both continuing operations and discontinued operations as a result of the restatement due to divestiture accounting. Additionally, \$149,301 in additional impairment was identified during the restatement of the Company's 2015 audited financial statements which was effective August 18, 2015 and has been noted below.

The table below reflects the reconciliation as at September 30, 2015 for the comparative periods included in unaudited interim financial statements for the periods ended June 30 and September 30, 2016. The table shows revenues and losses for the 6-month and 9-month periods ended June 30 and September 30, 2015 taken from interim financial statements for those periods as set out in the table of selected quarterly information set out above, with the shaded columns entitled "As Reported" showing the corresponding comparative amounts in the restated unaudited interim financial statements for the 6-month and 9-month periods ended June 30 and September 30, 2016 filed concurrently with this MD&A.

2015	6 months	As Reported	Variance	Q3	9 months	As Reported	Variance
Revenue	3,063,889	2,989,580	(94,309)	1,504,880	4,588,769	4,494,460	(94,309)
Continuing Operations Loss	(136,277)	(209,535)	(73,258)	(317,868)	(454,145)	(527,403)	(73,258)
Discontinued Operations Loss	(421,851)	(348,593)	73,258	74,011	(347,840)	(125,281)	222,559
Net Loss	(558,128)	(558,128)	-	(243,857)	(801,985)	(652,684)	149,301

Revenue (operating income plus investment income) was slightly lower in the first quarter of 2016 (\$1,335,990) compared

to the same period in 2015 (\$1,494,474), by \$158,484. All of the primary revenue in the Company in the current period was derived from real estate appraisal services in Property Interlink. During the first quarter of 2016, the Company posted \$1.31 million in revenue in the first quarter of 2016 (2,899 appraisals and reviews completed) compared to \$1.49 million in the first quarter of 2015 (2,726 appraisals and reviews completed), for a 12% variance.

The increase in expense is partially attributable to additional bond and licensing expenses associated with the expansion of Property Interlink into new states (\$17,970 in the first quarter of 2016 compared to \$3,496 in the first quarter of 2015). There was also a substantial increase in administrative and professional expenses associated with the review and restatement of the Company's financial statements and MD&As.

The Company also acquired a property lease associated with the acquisition of Brownlee Appraisal Associates. Total assets decreased by \$40,720 as at March 31, 2016 in comparison to total assets as at December 31, 2015 due to changes in working capital during the period.

### Related party transactions

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 by the Company. The Company incurred \$85,706 in management fees during the three months ended March 31, 2016 (March 31, 2015 - \$45,095) to the COO, CFO and SVP for services provided to the Company. All amounts have been paid accordingly.

Amcap Mortgage Ltd., a customer related by common management, the Chief Executive Officer, accounted for \$925,196 (March 31, 2015 - \$1,054,255) in revenue to the Company. As at March 31, 2016, \$21,750 (December 2015 -

\$82,173) is included in accounts receivable on the condensed consolidated interim statement of financial position.

	% of Q1 2016 Expenses	Q1 2016	Q1 2015	Change	% Change
Salaries and benefits	68.59%	1,086,588	1,301,825	(215,237)	-16.53%
Administrative and interest expense	16.53%	261,804	251,858	9,946	3.95%
Professional services	11.48%	181,797	66,501	115,296	173.37%
Depreciation and amortization	3.41%	53,966	146,326	(92,360)	-63.12%
Total expenses	100.00%	\$ 1,584,155	\$ 1,766,510	\$ (182,355)	-10.32%

### About our fees

**Appraisal fees** are charged to customers for each appraisal completed. These fees are dependent upon the state in which the property is located, as well as size of property and whether the property is rural or non-rural and other factors common in the industry.

**Final review** fees are charged to customers when repairs or new construction is involved. Similar to appraisal fees, these are dependent upon the state in which the property is located, as well as other factors common in the industry.

### Revenue and Key Performance Metrics

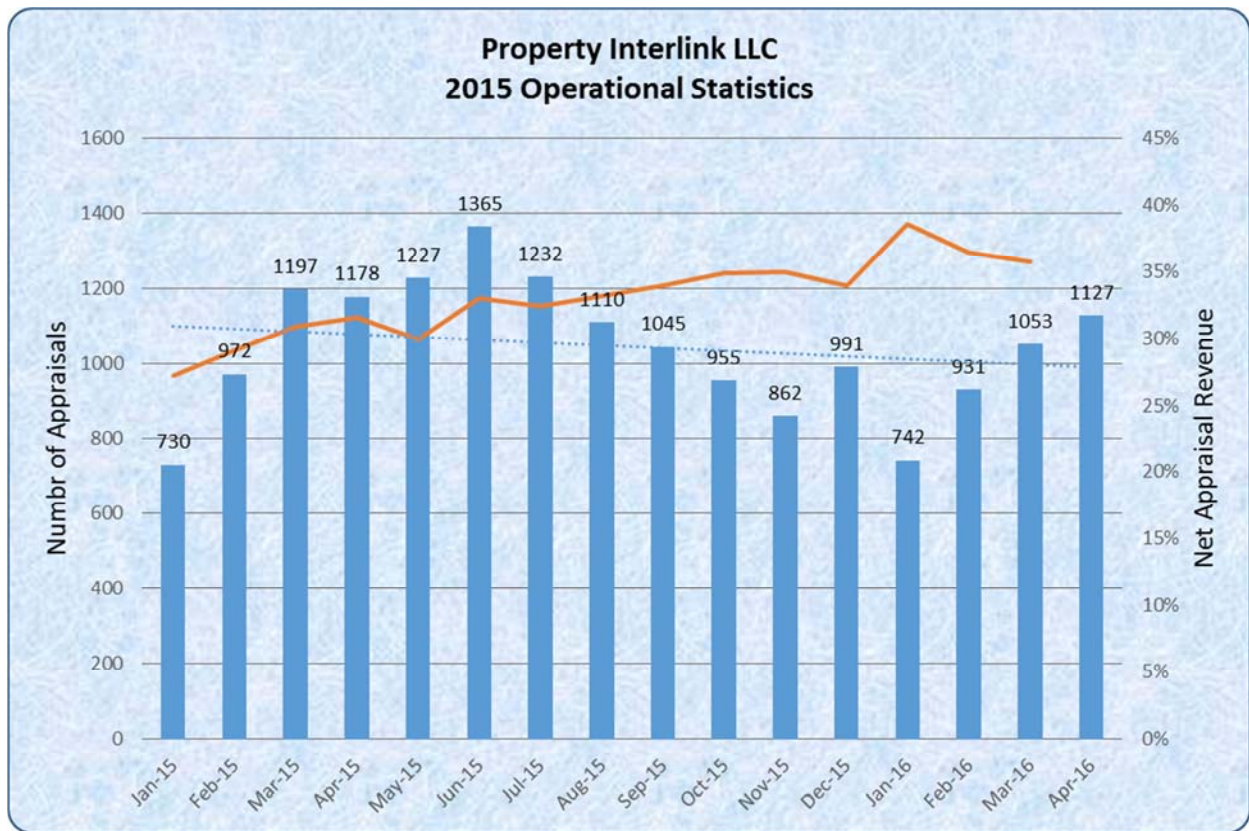
Revenue in Starrex International, Ltd. is comprised of interest income only. During the first quarter of 2016, interest income was \$24,059 compared to \$196 during the same period in 2015. The increase is directly associated with the two interest bearing promissory notes in consideration of the sale of One Force Staffing, Inc. and Olympia Capital Management, Inc.

One of the Key Performance Indicators ("KPI") in Property Interlink is the calculation of Net Appraisal Revenue (or appraisal margin). When measuring this metric, the personnel and independent contractor expenses are subtracted from the total revenue. As the dynamic business model shifts away from assigning appraisals to independent

contractors and toward employees of the Company, this metric will increase.

Revenue for Property Interlink for the period ending March 31, 2016, was slightly lower than the same period in 2015, the personnel and independent contractor costs continued to decrease from January of 2015 through the end of the first quarter in 2016, which resulted in increased revenue per appraisal completed. We expect this trend continue to as Property Interlink converts more of the appraisal assignments to internal associates in lieu of independent contractors.

The following depicts changes in net appraisal revenue, as well as monthly appraisal volume for Property Interlink



Since the acquisition of Property Interlink in July of 2014, average volume has increased from 730 to 1,053 appraisals per month, reaching a peak of 1,365 in June of 2015. Seasonal cycles in the housing market historically trend lower from October through January and higher during the second and third quarters.

Net revenue per appraisal (or appraisal margin) at the time of acquisition was 27%. With the shift in business model the

appraisal margins have increased and remain stable at 36% for each month of the first quarter ending March 31, 2016.

The graph above depicts total number of appraisals performed month over month, as well as the margin between revenue received for appraisals and expenses directly associated with the completion of the appraisals.

### Geographic Concentration

#### A summary of appraisal licenses and future planning

Property Interlink is currently (at the end of the first quarter of 2016) licensed in twenty states, with plans to expand into several more by the end of 2016. This will expand the services footprint of the Company, which will significantly increase shareholder value as well as earnings per share in the future. This expansion aligns Property Interlink with existing banking relationships as they further their own growth. This strategic alignment also broadens the market in which subsequent acquisitions may be identified, which is the parent Company's primary goal and objective.

Starrex currently operates in:		Starrex targeted expansion states:	
Wyoming	Oklahoma	Alabama	Missouri
Illinois	Virginia	Alaska	Montana
New Mexico	Tennessee	Arizona	New Jersey
California	Washington	Arkansas	New York
Louisiana	Oregon	Georgia	North Carolina
Maryland	Alabama	Hawaii	Puerto Rico
Texas	Nevada	Indiana	Rhode Island
Nebraska	Ohio	Kansas	South Carolina
Utah	North Dakota	Maine	South Dakota
Colorado	Idaho	Massachusetts	Washington DC
Florida			Wisconsin





## Liquidity

### Cash

At March 31, 2016, Starrex held \$114,349 in cash, compared to \$176,457 as at December 31, 2015.

At March 31, 2016, the Company had current assets of \$641,475 (\$633,229 in 2015) and current liabilities of \$736,400 (\$529,880 in 2015). Assets and liabilities remain stable, as expected, as Property Interlink has not made further acquisitions and has just begun expanding into new states.

### Cash flows

During the period, cash flows from operating activities produced an inflow of \$135,444, which is entirely attributable to the appraisal management subsidiary, Property Interlink. During the same period in 2015, the Company used \$116,688 in operating activities. The development of intangible assets consumed \$5,000 during the first quarter of 2016, with no property, plant or equipment purchases (2015 - \$Nil for intangibles and \$47,680 for property, plant and equipment).

Cash used for the expansion of Property Interlink during the period includes \$28,999 for prepaid licensing and bond expenses that will be recovered as the Company begins to operate in these new states.

## Financial position

The following is a discussion of the significant changes in our Statement of financial position.

### Trade and other receivables

Trade and other receivables were \$2,380,287 at March 31, 2016 (\$2,338,932 at December 31, 2015). During ordinary course of business, balances in current accounts receivable remain steady with the necessary controls in place to ensure collectability.

Of the total outstanding receivables, \$1,930,000 are long-term promissory notes associated with the sale of Olympia Capital Management, Inc. and One Force Staffing, Inc. Current accounts receivable as at March 31, 2016 were \$450,287 compared to \$408,932 at December 31, 2015.

For additional information on Notes Receivable, see Note 8 of the Condensed Interim Consolidated Financial Statements.

### Property, plant and equipment & Intangible assets

The book value of property, plant & equipment decreased by the amount of depreciation only; there were no new purchases during the period.

Intangible assets, specifically proprietary business software, increased by \$5,000 during the period, before amortization expense.

## 2016 Budget approach

The Company is focused on increasing shareholder value, as well as fiscal responsibility while investing in the acquisition of real estate-based entities that complement Property Interlink, LLC.

The Company considers Property Interlink still in development while the subsidiary spends working capital to expand its regulatory operating footprint with expected positive net income in the second quarter of 2016. The additional spend associated with this expansion will be completed by the end of 2016.

Given the anticipated actuarial and legal expenses for the Parent, the Company does not expect to post positive net income on a consolidated basis until the fourth quarter of 2016 or early 2017.

## Critical accounting estimates

Judgments, estimates and assumptions related to preparing IFRS financial statements.

The preparation of financial statements consistent with IFRS requires that management make judgements, estimates and assumptions that affect reported amounts of assets and liabilities for the date of the financial statements, as well as the reported amounts of the revenues and expenses for the periods. Although the 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:

- Goodwill is 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 and customer relationships) 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 value requires the use of estimates and assumptions related to future operating performance and discount rates, differences in estimates and assumptions could have a significant impact on the financial statements.
- Significant judgment is involved in the determination of useful life for the computation of depreciation of equipment and amortization of intangible assets. No assurance can be given that actual useful lives will not differ significantly from current assumptions.
- Significant judgment is involved in the assessment of the recoverable amount of the note receivable (See Note 7 of the financial statements).
- 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 requires a high degree of judgment and include estimates for future operating performance, discount rates, technology migration factors and terminal value rates.

## Risks and risk management

Risks and uncertainties facing us, and how we manage these risks

### Business Risk

Starrex has established policies and procedures to identify, manage and control operational and business risks that may impact our financial position and our ability to continue ordinary operations. Management is responsible for ongoing control and mitigation of operational risk by ensuring the appropriate policies, procedures and internal controls, as well as compliance measures are undertaken.

See "Risks and risk management" in our MD&A for the year ended December 31, 2015.

### Financial Risk

The Company maintains strong internal controls, including management oversight at both the parent and subsidiary levels to provide reasonable assurance of financial reporting reliability and preparation of financial statements for external purposes consistent with IFRS.

## Internal Control over financial reporting

### A summary of our internal control review results

During the year, the Company's internal control processes are reviewed and updated as necessary. During the period ended March 31, 2016, no significant deficiencies in internal control were identified.

Due to the fact that the Company was required to restate its 2014 Audited Financial Statements as a result of differences in the determination of fair value measurement associated with the acquisition of subsidiaries during July of 2014, additional procedures and controls associated with valuation and subsequent impairment have been put in place to mitigate any future errors. This may include the engagement of a third party subject matter expert to assist in the determination of future purchase price allocations, and fair value measurements.

Due to the fact that the Company was required to restate its 2015 Audited Financial Statements related to divestitures in 2015, additional procedures and controls have been put in place to mitigate any future errors.

## Share Capital

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

Issued	Number common shares	Amount
<b>Balance, December 31, 2013</b>	<b>8,116,870</b>	<b>1,992,829</b>
Private placement, net	1,983,957	911,544
Acquisitions	4,230,000	3,685,180
Issuance of shares to management	100,000	88,768
<b>Balance, December 31, 2014</b>	<b>14,430,827</b>	<b>6,678,321</b>
Acquisition	50,000	67,330
<b>Balance, December 31, 2015 and March 31, 2016</b>	<b>14,480,827</b>	<b>6,745,651</b>

	Number of options	Weighted average exercise price \$
<b>Outstanding, January 1, 2014</b>	<b>50,000</b>	<b>0.17</b>
Granted	700,000	0.23
<b>Outstanding, December 31, 2014</b>	<b>750,000</b>	<b>0.23</b>
Cancelled	(100,000)	0.18
Granted	100,000	1.23
<b>Outstanding, December 31, 2015 and March 31, 2016</b>	<b>750,000</b>	<b>0.33</b>

	Common Shares Under option	Number of Options Vested	Exercise Price(*)	Expiry Date
Granted May 21, 2013	50,000	50,000	\$ 0.14	May 21, 2018
Granted April 17, 2014	550,000	550,000	\$ 0.18	April 17, 2019
Granted May 29, 2014	50,000	50,000	\$ 0.41	May 29, 2019
Granted August 25, 2015	100,000	100,000	\$ 1.23	September 1, 2020

(\*) Exercise prices are stated in US dollars converted from Canadian dollars at March 31, 2016.