

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED

MARCH 31, 2016

MAY 30, 2016

This Management's Discussion and Analysis (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 MD&A explains these results from management's perspective and provides the Company's plans and budget for subsequent periods ahead.

This MD&A 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 MD&A and financial statements provide key information about the Company's performance and ability to meet its objectives.

Important information about this MD&A

- The information in this MD&A is prepared as of May 30, 2016.
- 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 2** *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, LLC is active in twenty states and is federally regulated by the Dodd-Frank Wall Street Reform and Consumer Protection Act to ensure objectivity in valuation services and to prevent fraud.

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 final appraisals.

Property Interlink, LLC 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**.

Core Values

Starrex International Ltd. 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, LLC 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**.

Operating Results

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

Property Interlink, LLC, 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 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue	1,335,990	1,403,144	1,504,880	1,495,106	1,494,474	1,212,885	990,087	2,433
Expenses	1,584,155	1,622,406	1,745,609	1,737,480	1,766,510	2,691,333	1,160,899	167,862
Excess/(Deficiency) of revenue over expenses	(248,165)	(219,262)	(240,729)	(242,374)	(272,036)	(1,478,448)	(170,812)	(165,429)
EBITDA	(195,310)	(94,599)	(181,670)	(191,944)	(123,892)	(1,462,900)	(170,812)	(165,429)
Total assets	4,230,945	4,271,665	4,436,911	4,858,295	5,491,961	5,672,606	4,025,537	1,183,841
Total liabilities	1,070,999	863,555	874,709	1,150,680	1,547,838	1,456,447	465,667	57,717
Basic and diluted loss per share	(0.02)	(0.05)	(0.02)	(0.01)	(0.02)	(0.13)	(0.03)	(0.02)

Revenue was slightly lower in the first quarter of 2016 compared to the same period in 2015, by $452. All of the primary revenue in the Company is derived from real estate appraisal services in Property Interlink. During the first quarter of 2016, Property Interlink posted $1.31 million in revenue (2,899 appraisals completed) compared to $1.33 million (2,726 appraisals completed), for a 1.9% variance.

The increase in expense is partially attributable to additional bond and licensing expenses associated with the expansion of Property Interlink into new states. (17,970.51 in 2016 compared to $3,496 I 2015).

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

It is important to note the larger variances in EBITDA during the fourth quarters of 2014 and 2015. This is due to the restatement of the 2014 Audited Financial Statements that included the allocation of the purchase price for the subsidiaries acquired in 2014. A significant amount of intangible assets were identified, which carried depreciation and amortization expenses that were posted for the year at December 31, 2014.

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 whether the property is rural or non-rural.

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.

Our fee structure is governed by the Dodd-Frank Wall Street Reform and Consumer Protection Act and are subject to disclosure which are regulated by the Department of the Housing and Urban Development for the United States.

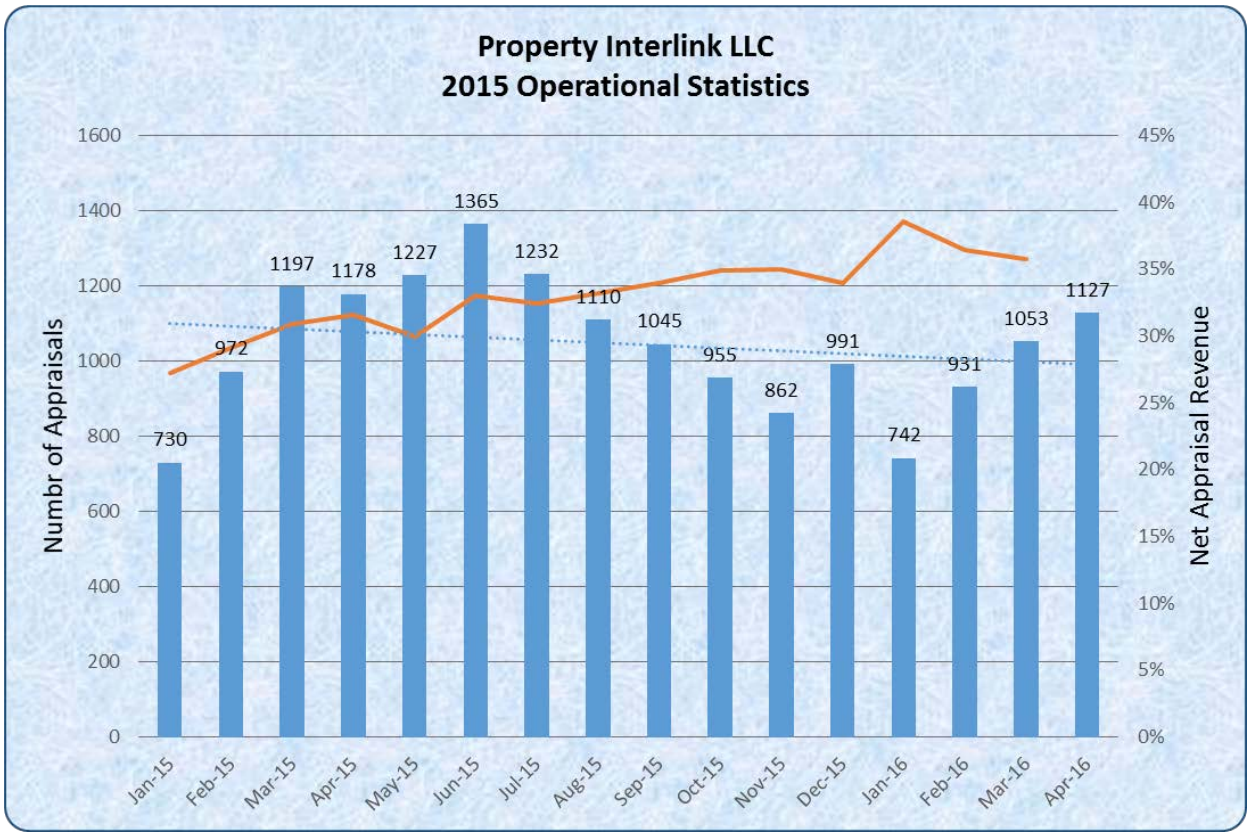
Revenue and Key Performance Metrics

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 from assigning appraisals to independent contractors versus 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 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

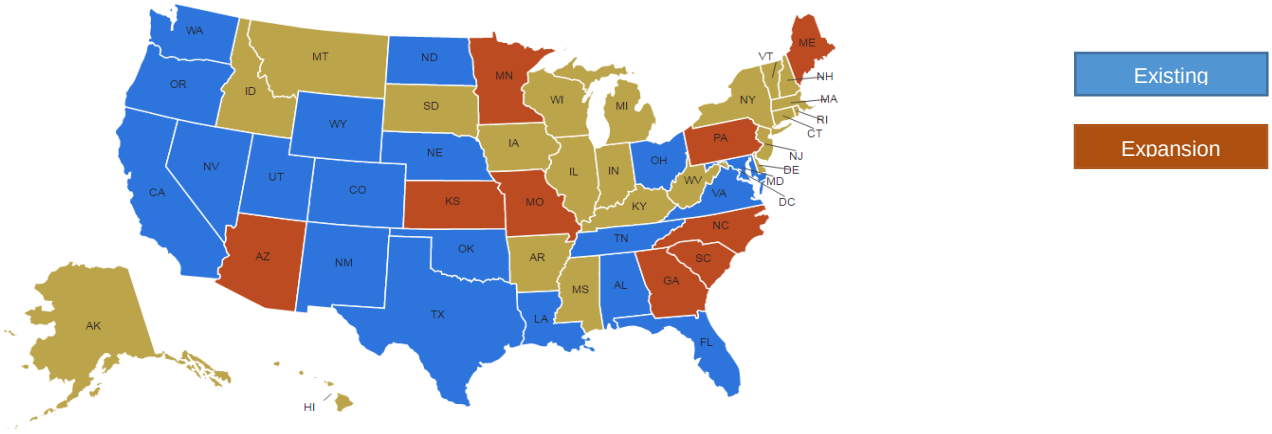
Property Interlink is currently licensed in twenty states, with plans to expand into several more by the end of 2016. This will expand the services footprint of the Company, which will significantly increase shareholder value as well as earnings per share in the future. This expansion aligns Property 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:

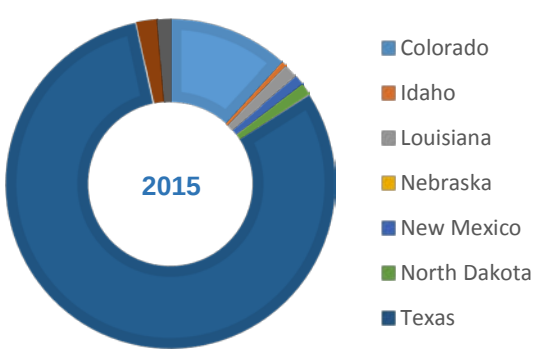
Wyoming
Illinois
New Mexico
California
Louisiana
Maryland
Texas
Nebraska
Utah
Colorado
Florida
Oklahoma
Virginia
Tennessee
Washington
Oregon
Alabama
Nevada
Ohio
North Dakota

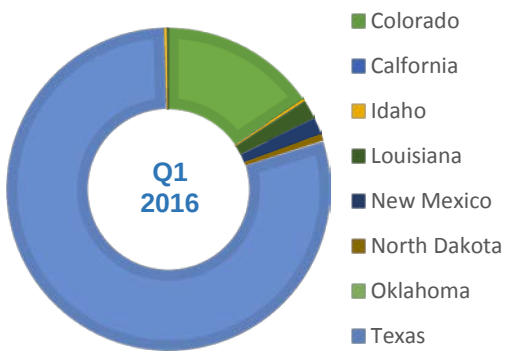
Starrex targeted expansion states:

Maine
Pennsylvania
Kansas
Missouri
North Carolina
South Carolina
Arizona
Minnesota
Georgia



The following illustrates revenue by state concentration





Appraisals in Texas comprised 80% of the total volume in 2015 with 79% in the first quarter of 2016. Property Interlink currently works most closely with a large mortgage originations company domiciled in Houston, Texas.

The Company executed a contract for services with a comparable sized mortgage originations company in Cleveland, Ohio during 2015 with implementation finalized during the latter part of the fourth quarter of 2015. As Property Interlink begins to increase services to this new entity, the geographic statistics will begin to shift over the balance of the year.
There were no significant changes in revenue components during the first quarter of 2016.

Management considers 2015 a development year for Property Interlink, LLC as the entity deploys working capital to expand the business base, which will ultimately result in a nationwide appraisal management company in the United States. Subsequently, Management did not issue budget variance reports for the period.

Expenses

During the period, our expenses were $1.58M, which is $123,299 higher than anticipated during normal course of business due to professional fees associated with the restatement of our 2014 Annual Financial Statements, as well as the first three quarters of 2015, along with communications with the Ontario Securities Commission regarding same. When comparing the same period in 2015, expenses were higher by $167,593 (2015 - $1,416,562).

Appraisal expenses in Property Interlink remain steady. As a percent of revenue, appraisal expenses were 51.62% for the period, as compared to 69% during the same period in 2015. This decrease is directly attributable to the business model shift from independent contractors to staff appraisers.

Depreciation and amortization expenses are significantly higher than the same period in 2015. This is due to the intangible assets allocated through the purchase of Property Interlink, LLC.

Liquidity and financial position

A discussion of our liquidity, cash flows, financing activities and changes in our financial position

Liquidity

Cash

At March 31, 2016, Starrex International, Ltd. 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, LLC 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, LLC. 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 intangibles, $47,680 in property, plant and equipment).

Cash used for the expansion of Property Interlink during the period were $28,999 and represent 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 ($2,388,932 in 2015 excluding discontinued operations). 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 in 2015.

For additional information on Notes Receivable, see **Note 7** 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 deprecation only; there were no new purchases during the period.

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

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, LLC 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.

Management expects to have forward-looking projections for the next twelve months in the Q2 2016 MD&A.

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 International Ltd. 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.

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 controls associated with valuation and subsequent impairment have been put in place to mitigate any future errors. This may including the engagement of a third party subject matter expert to assist in the determination of future purchase price allocations, and fair value measurements.

Share Capital

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

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

	Number of options	Weighted average exercise price $
Outstanding, January 1, 2014	**50,000**	**0.17**
Granted	700,000	0.23
Outstanding, December 31, 2014	**750,000**	**0.23**
Cancelled	(100,000)	0.18
Granted	100,000	1.23
Oustanding, March 31, 2016	**750,000**	**0.23**

	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