

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. REPORTING ISSUER

Star Navigation Systems Group Ltd.
2970 Lakeshore Blvd. W., Suite 300,
Toronto, ON M8V1J7

ITEM 2. DATE OF MATERIAL CHANGE

July 9, 2012

ITEM 3. NEWS RELEASE

Press release in the form attached as Schedule "A" was disseminated on July 10, 2012 via Marketwire.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Company announced agreement for a Pilot Project.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

For a full description of the material change, please refer to the press release attached hereto.

ITEM 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable

ITEM 7. OMITTED INFORMATION

No information has been omitted on the basis of confidentiality.

ITEM 8. EXECUTIVE OFFICER

The following officer of the Company is knowledgeable about the material change and the Report:

Viraf S. Kapadia
Chief Executive Officer
(416) 252-2889

ITEM 9. DATE OF REPORT

Dated at Toronto, Ontario this 10th day of July, 2012.

By: (signed) Viraf S. Kapadia
Viraf S. Kapadia

Schedule "A"

Star Navigation Announces Initial Pilot Project for Airborne Data Service ("ADS")

TORONTO, July 10, 2012 - Star Navigation Systems Group Ltd. (TSX-V: SNA) ("Star" or the "Company"), announces that Air North, Yukon's Airline ("Air North") will use the ADS for a 3 month period (the "Service Period") on a trial basis. The system is scheduled to be installed on an Air North Boeing 737-500 aircraft late-July, and is expected to be operational by early August, 2012. A Pilot Project such as this one is provided for in the agreement between Star and Paradigm Services Ltd. establishing the ADS. (See press release June 22, 2011).

Entering its 36th year of operation, Air North, Yukon's Airline, is headquartered in Whitehorse. The largest airline in the Yukon, it utilizes a fleet of 5 Boeing 737 and 4 Hawker Siddeley 748 aircraft. Air North provides scheduled service connecting the Yukon with British Columbia, Alberta, the Northwest Territories and Alaska. It also provides charter services throughout Canada and the USA, as well as cargo and ground handling services.

The ADS enables the real-time transmission of flight data to aircraft operators by utilizing on-board processors capable of analyzing actual flight performance against expected parameters, while the aircraft is in flight, using satellite networks. The service uses the STAR-ISMS® system in-flight equipment, which also compresses, encrypts and then securely transmits the data via satellite to a Data Management Centre ("DMC"). The DMC then relays this information to airline operators, enabling in-flight visibility of performance from ground-based facilities as well as offering enhanced safety and security features. The ADS also offers enhanced aircraft tracking, even in remote or trans-oceanic situations, as well as a feature which triggers automatic data transmission in the event of a major event.

The ADS addresses the following other concerns common to all airlines:

- the need for accurate fuel monitoring and information to reduce fuel costs.
- the need to reduce maintenance response times without sacrificing safety.
- the need for an information system that is easy to use and that does not place an additional
burden on staff while receiving data specific to the airline's needs.
- the need for global coverage.
- the need for an automated, accurate system which provides readily usable information to
reduce data analysis man-hours.
- the need for engine control and monitoring data.