

**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

December 10, 2010

ITEM 3. NEWS RELEASE

Press release in the form attached as Schedule "A" was disseminated on December 10, 2010.

ITEM 4. SUMMARY OF MATERIAL CHANGE

The Company announced a corporate update.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

See attached Schedule "A" for a full description.

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

Not Applicable

ITEM 6. RELIANCE ON SECTION 7.1(2) 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 5th day of January, 2011.

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



STAR NAVIGATION PROVIDES CORPORATE UPDATE

TORONTO, ONTARIO, December 10, 2010 - Star Navigation Systems Group Ltd. (TSX - V: SNA) ("Star" or the "Company"), is pleased to provide an update on various corporate initiatives.

Management's Discussion and Analysis ("MD&A")

For details of financial performance, corporate overview and outlook, please see the Company's MD&A for the three month period ended September 30, 2010, which can be found at www.sedar.com.

China

The C919 is China's first indigenously-made large passenger aircraft. The 168-190 seat narrow-body aircraft, similar to the Airbus A320 family and Boeing 737, is expected to take its first flight in 2014 and get certified in 2016. As stated in previous Company news releases, (November 11, 12 and 26, 2008, April 7 and October 20, 2009) the Company has been in discussions with the manufacturer, Commercial Aircraft Corporation of China ("COMAC"), with respect to the installation of Star's STAR-ISMS™ In Flight Safety Monitoring System as original equipment on the new aircraft. Star has been informed that COMAC is still going through the selection process and that they have not yet decided on the second level systems to be incorporated or the suppliers to use. This is a very large scale project and there have been some scheduling extensions. Potential suppliers have no control over the process at this stage.

Star Server Unit ("SSU") Development

Development of the Company's G2 Star Server Unit is almost complete. Testing of the prototype is currently underway and a commercial 3-6 month "pilot project" rollout is expected to begin in the first quarter of 2011. The new unit is the heart of the STAR-ISMS™ system and the G2 version combines smaller size, less weight, and a more favourable price point, with increased functionality.

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Astrium Services

Discussions continue with Astrium Services with respect to the implementation of the technical partnership agreement announced April 6, 2010.

India

Discussions continue with appropriate governmental authorities in India concerning the granting of the Aeromobile license required to use the STAR-ISMS™ in Indian airspace. The Company's system cannot be utilized in the absence of such approval.

U.S. Office

Establishment of the Company's U.S. office in Atlanta, Georgia took place in September, 2010. The Company is exploring several initiatives in the United States and it is hoped that a U.S. presence in a significant aviation hub will facilitate those efforts. Current new initiatives being considered include applications of the STAR-ISMS™ to the military sector and a continued focused approach to brand awareness in the U.S.

Pakistan International Airlines ("PIA")

Star continues to work closely with PIA in order to refine the utility and scope of the STAR-ISMS™ during the current real time demonstration. Daily operational flights with the STAR-ISMS™ aboard one of PIA's A-310 aircraft are ongoing and the upgraded model of the First Generation SSU, currently aboard the PIA A-310, is meeting all design expectations. Star's representatives in Pakistan continue to maintain close contact with PIA officials.

Shaheen Air International

In mid September 2010, the Company entered into an agreement (the "Agreement") with Shaheen Air International of Pakistan to install the STAR-ISMS™ on one of the airline's Boeing 737-200/300 aircraft. The installation will allow Shaheen to perform a performance evaluation on the system. The evaluation period will last for 90 days and will commence as soon as the Operational Supplemental Type Certificate approval is issued for the aircraft. Engineering work is underway and the evaluation period is expected to start in the first quarter of 2011. The Agreement provides that upon successful completion of the performance evaluation, and acceptance by Shaheen Air International, the airline will purchase the installed unit and will acquire a further eleven STAR-ISMS™ systems for the balance of its fleet.

Airshow Attendees

The Company attended Airshows in Dubai, Berlin, Farnborough and Egypt over the past 13 months. At each Airshow, contacts were made with representatives of various airlines, charter operators, Maintenance, Repair and Overhaul operators, and representatives of various military services, among others. The Company's Sales and Marketing department continues to work with these contacts.

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Litigation Update

In an action commenced by Hilary Vieira against the Company in the Ontario Superior Court of Justice at Brampton, Ontario, the Company added Aeromechanical Services Ltd. ("**AMS**") as a defendant by counterclaim. In response, AMS claimed against the Company and its subsidiary Star Navigation Systems Inc., Viraf Kapadia and Peter Verbeek for damages in the amount of \$5 million for lost revenue and investment capital, damages for loss of reputation in the amount of \$10 million, and damages for loss of goodwill in the amount of \$5 million. The Company, Star Navigation Systems Inc. and Mr.

Kapadia have vigorously defended the counterclaim brought by AMS and denied all allegations of wrongdoing.

Examinations for discovery of Viraf Kapadia, on behalf of the Company and Star Navigation Systems Inc., and of Bill Tempany, on behalf of AMS, have been conducted. There are numerous undertakings outstanding as a result of Mr. Tempany's examination as well as numerous questions that he refused to answer. The Company will be making a motion to the court to compel Mr. Tempany to answer the questions that he refused to answer and to reattend at his own expense to answer questions arising out of such answers. AMS has

brought a similar motion to compel Mr. Kapadia to answer undertakings refused. The motions will be heard on December 13, 2010.

There presently is an order in place requiring that Star's counterclaim against AMS be set down for trial by December 31, 2010. The parties are bringing a motion to extend the time to April 29, 2011.

Major Manufacturers

The Company continues discussions with respect to the inclusion of its STARISMS

™ system as Original Equipment on new aircraft. In addition to the Chinese initiative, both domestic and international manufacturers .

About Star Navigation: (www.star-navigation.com)

Star Navigation Systems Group Ltd. owns the exclusive worldwide license to its proprietary, patented In-flight Safety Monitoring System, STAR-ISMS™, the first system in the world to feature in-flight data-analysis, monitoring and diagnostics with a real-time connection between aircraft and ground. Its real-time capability of tracking performance-trends and predicting incident-occurrence enhances aviation safety and improves fleet management while reducing costs for the operator.

Forward Looking Statements

Certain statements contained in this News Release constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will" and similar expressions, as they

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relate to Star or its management are intended to identify forward-looking statements. Such statements reflect Star's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause Star's actual performance or achievements to vary from those described herein. Should one or more of these factors or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of the content of this release.

Please visit www.star-navigation.com or Viraf Kapadia, CEO, (416) 252-2889, viraf.kapadia@star-navigation.com;