

**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**

August 25, 2014

**ITEM 3. NEWS RELEASE**

Press release in the form attached as Schedule "A" was disseminated on August 26, 2014 via Marketwire.

**ITEM 4. SUMMARY OF MATERIAL CHANGE**

The Company announced signing of Cooperation Framework Agreement.

**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 26th day of August 2014.

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

## Schedule "A"

August 26, 2014 09:30 ET

### **Star Navigation Signs Cooperation Framework Agreement With Chengdu Spaceon Technology Co. Ltd. of China**

**TORONTO, ONTARIO--(Marketwired - Aug. 26, 2014)** - Star Navigation Systems Group Ltd. (TSX VENTURE:SNA)(OTCBB:SNAVF) ("Star" or the "Company"), is pleased to announce that it has signed a Cooperation Framework Agreement ("CFA") with Chengdu Spaceon Technology Co. Ltd., ("Spaceon"). Spaceon is a well-recognized aerospace research and product development corporation in China, with expertise and experience in airborne avionics, in-flight controlling and data communications equipment and services.

The CFA prepares the way for a full Cooperation Agreement to be completed and signed shortly. That agreement will provide for the manufacturing, marketing and sale by Spaceon of Star's STAR-ISMS® Lite system in China, and for the joint research and development of new products.

Mr. Viraf S. Kapadia, CEO of Star said:

"This is a great example of how Star utilizes strategic alliances to provide the best solutions for our customers. In this case, our expertise in the tracking and aircraft health monitoring sectors, along with our working participation at the BEA, ICAO, IATA, ITU investigations after the MH-370 incident (namely through the ATTF, Aircraft Tracking Task Force), allied with Spaceon's expertise and experience in R&D and on-board electronics, make it an excellent fit. We expect that this relationship may prosper in related fields, as Spaceon brings outstanding experience and knowledge of the Chinese market, allowing for the rapid development of a simpler version of our existing on-board equipment.

"This new version of Star's STAR-ISMS® Lite system will be targeted towards the general aviation market rather than commercial airliners.

"Our main focus continues to be the STAR-A.D.S.™ system for larger commercial operators. This cooperation will allow us to accelerate our penetration of China and other market segments worldwide. In the future, Spaceon may undertake the marketing, sales and implementation of the STAR-A.D.S.™ in China for commercial airlines."

Mr. Yang Shaoping, General Manager of Spaceon said:

"As a senior product provider and system integrator in avionics and maritime fields, it is a great pleasure for Chengdu Spaceon Technology Co., Ltd. to establish the cooperation relationship with Star Navigation in joint development and exploring of markets in customized in-flight data service system and on-board equipment. Currently, the timing and opportunity for both parties is good, as the Chinese government pays high attention to the application and promotion of in-flight real-time health management system of aircraft. Spaceon will fully take advantage of its own technical capabilities in avionics and Satcom fields and the localization strength, combined with Star's advanced techniques and expertise background in the aviation field, to create

suitable products, systems and services for the market localization requirements and become the main provider of in-flight health management system in Chinese market.

"I hope a jointly-developed, cost-effective Star-ISMS® Lite system will enter into the Chinese market as well as the rest of the markets in the world in the near future. Lastly, I sincerely wish a home-made STAR-A.D.S.™ system could come out in the Chinese market as soon as possible offering high-quality services to Chinese commercial airlines."