

## FORM 2A

### LISTING STATEMENT

1. Table of Contents

1.	Table of Contents .....	1
2.	Forward-Looking Information.....	3
3.	Corporate Structure .....	3
4.	General Development of the Business .....	4
5.	Narrative Description of the Business .....	9
6.	Selected Consolidated Financial Information .....	15
7.	Management's Discussion and Analysis MD&A .....	16
8.	Interim MD&A.....	19
9.	Market for Securities.....	20
10.	Consolidated Capitalization.....	20
11.	Options to Purchase Securities.....	20
12.	Description of the Securities.....	21
13.	Escrowed Securities.....	22
14.	Principal Shareholders.....	22
15.	Directors and Officers.....	23
16.	Capitalization.....	27
17.	Executive Compensation.....	28
18.	Indebtedness of Directors and Executive Officers.....	36
19.	Risk Factors.....	36
20.	Promoters.....	38
21.	Legal Proceedings.....	39
22.	Interest of Management and Others in Material Transactions.....	39
23.	Auditors, Transfer Agents and Registrars.....	40
22.	Material Contracts.....	40
23.	Interest of Experts.....	40
24.	Other Material Facts.....	40
25.	Financial Statements.....	40

APPENDIX A: AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE FINANCIAL YEARS ENDED JUNE 30, 2016, 2015 and 2014

APPENDIX B:: MD&A OF THE ISSUER FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

APPENDIX "C": UNAUDITED FINANCIAL STATEMENT and MD&A OF THE ISSUER  
FOR THE 3 MONTH PERIOD ENDED SEPTEMBER 30, 2016

APPENDIX "D": UNAUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE  
EIGHT 3 MONTH PERIODS ENDED SEPTEMBER 30, 2016

### **Cautionary Statement Regarding Forward-Looking Information**

This Listing Statement contains, or incorporates by reference, “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the future financial and operating performance of Star Navigation Systems Group Ltd. (“**Star**”, the “**Issuer**” or the “**Company**”) and its subsidiaries, requirements for additional capital, management’s skill and knowledge with respect to the development of Star’s business, government regulation, and timing and receipt of approvals and licences. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Star to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks include the following: Star’s failure to earn profits to date; the limited sales history of Star; the risk that products or services introduced by Star may fail to be successful; the risk that demand for the products and services offered by Star will be affected by social, political and economic factors beyond their control; managing the growth of operations; recruiting and retaining qualified personnel; the risk Star will not be able to meet its financial obligations as they come due; competition; risk associated with raising additional capital to fund commitments and future expansion; price and volume volatility of Star’s common shares; fluctuations in Star’s operating results; reliance on senior management and other key employees; foreign exchange risk; Star’s lack of earnings; discretion in the use of proceeds; dilution; as well as other factors discussed in the section entitled “Risk Factors” in this Listing Statement. Although Star has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Listing Statement. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

## **2. Corporate Structure**

### **2.1 Corporate Name and Office**

STAR NAVIGATION SYSTEMS GROUP LTD. (the “Issuer” or the “Company”) has its registered head office at 2970 Lakeshore Blvd. W., Suite 300, Toronto, ON M8V 1J7.

## 2.2 Jurisdiction of Incorporation

The Issuer was incorporated under the name AZTECH TECHNOLOGIES INTERNATIONAL INC. on February 9, 1993 pursuant to the laws of the Province of Ontario. It filed Articles of Amendment on August 23, 2002 changing its name to STAR NAVIGATION SYSTEMS GROUP LTD.

## 2.3 Intercorporate Relationships

STAR NAVIGATION SYSTEMS INC. an Ontario incorporation, is a wholly owned subsidiary of the Issuer.

## 2.4 Fundamental Change

The Issuer is not requalifying following a fundamental change nor is it proposing an acquisition, amalgamation, merger, reorganization or arrangement.

## 2.5 Non-corporate Issuers and Issuers incorporated outside of Canada.

The Issuer is neither a non-corporate issuer nor an issuer incorporated outside Canada

## 3. General Development of the Business

### 3.1 **General Development of the Issuer**

#### (a) Executive Summary

Star Navigation Systems Group Ltd. commenced its operations in May 2000 and was listed on the TSX Venture Exchange (the "Exchange") on August 29, 2002 under the symbol 'SNA'. Star Navigation Systems Group Ltd. focuses on providing aerospace and transportation solutions—hardware and software platforms—that assist aviation and other transport related operators worldwide.

Headquartered in Toronto, Ontario, Star has developed the STAR-ISMS® In-Flight Safety Monitoring System, an aircraft computer that is at the heart of the STAR airborne data service ("STAR-A.D.S. ®"). It is the first system in the world that combines in-flight data monitoring, diagnostics and data analysis with real-time secure connections between the aircraft and the ground, using real-time satellite transmission.

The STAR-A.D.S.® System provides real-time monitoring, data analysis, aircraft health and flight operation status, and real-time position (tracking) information, all of which contribute to aviation safety, reduction of fuel and maintenance costs, reduction of carbon footprint, and provides the opportunity for enhanced return on investment for airlines.

The Company is also developing the STAR-T.T.T™ (Talk, Track, Text) and STAR V-*trk*™ units which provide different levels of capability for varied applications on smaller manned aircraft.

Star owns the certifications for installations of its products on commercial and business aircraft (e.g.: A320, B737, Lear jet 45.) as well as other certifications for applications on various other aircraft. Star owns the worldwide exclusive license to this patented technology and is actively developing new applications for in-flight medical monitoring, environmental monitoring, and ground-based systems.

Revenues are generated by both hardware sales, annual licensing fees and the sale of airtime utilized in “in-flight” reporting and alerts.

The STAR-M.M.I.™ Division designs, manufactures, repairs, performs qualification tests on, and supports on-board LCD flat screen displays. These high-performance LCD displays and control panels from STAR-M.M.I.™ are used in the cockpits of fixed wing aircraft and helicopters for both civilian and military applications.

STAR-M.M.I.™ has full capability, in-house, to design, manufacture and offer customer support. Its products have already been delivered to various major system avionics integrators worldwide, all of them appearing in the Fortune 100 listing.

(b) Three-year history of the Business

*Year ended 2014*

In 2014, the Company purchased the assets of Luxell Quebec Technologies Inc., resulting in the creation of the STAR-M.M.I.™ Division. The Division, which designs, manufactures, and sells high performance flat panel displays for defence and commercial aviation industries, serves major avionics integrators and system manufacturers worldwide. Luxell was also the entity from whom the Company purchased its Generation 1 and Generation 2 computers. The purchase allowed the Company to consolidate its supply chain. The first order for displays from a major aerospace company was received in May, 2014.

The Company continued its participation in various investigations and study groups resulting from the losses of Air France 447 and Malaysian 370. Highlighted in both situations was the fact that tracking of aircraft in remote and certain trans-oceanic areas is incomplete. The Company noted at the time that its flight tracking devices utilize the Iridium system, allowing 99.6% worldwide reliability and the ability to send position reports at less than one minute intervals.

*Year ended 2015*

In 2015, the Company continued its development of its Second-Generation computer ("G2"), as well as work related to its Graphical User Interface, ("GUI"). The GUI is essentially the methodology whereby data from the aircraft is rendered in a user – friendly form for use by the customer.

The Company installed and operated the first STAR-A.D.S. ® System on a business aircraft (a Learjet 45) in Montreal.

The Company carried on selling and servicing Flat Panel displays on the world wide retrofit market to customers such as Lockheed Martin and Northrup Grumman Italy...

*Year ended 2016*

In 2016 the Company continued its R&D with respect to both the G3 computer, (adding additional transmission and data processing capabilities), the GUI and, in conjunction with several universities and other partners, the medical monitoring of patients while in flight. The Company, part of an industrial and University team, was awarded a Research and Development program for environment measurements on-board a high altitude aircraft using a STAR-A.D.S. ® System.

At the end of 2016, the Company's contract with Lockheed Martin Rotary and Mission Systems ("LM"), was extended to 2020. LM is STAR- M.M.I. ™ Division's major customer. Although 2016 activity on the LM account was suspended for 6 months during contract negotiations between LM / its suppliers, and the U.S. Navy, the Company expects revenues of approximately USD 750,000 in calendar 2017.

### 3.2 Significant Acquisitions and Dispositions

The Luxell assets, acquired in April 2014, consisted of equipment, existing customer relationships, Star G2 manufacturing and design capabilities, flat panel display technology and expertise, and other miscellaneous assets. Acquisition costs of the

transaction consisted of 25 million common shares of the Company. There were no continuing obligations on the part of the Company and the transaction was completed at arm's length and not with a Related Party.

Revenues to June 30, 2016 directly attributable to the acquisition are \$1,161,905.

### 3.3 Trends, Commitments, Events or Uncertainties

The business of the Company is divided into two main business lines:

1. STAR-A.D.S. ®. The target market for this segment of the business is commercial airlines. Airlines are generally slow to adopt new technologies requiring an outlay of funds. Although the Company is confident that it can demonstrate measureable cost savings through fuel monitoring using the STAR-A.D.S. ® System, it has yet to make a sale to a large airline.

The losses of AF-447 in the South Atlantic and MH-370 in the Indian Ocean have focussed the attention of regulatory bodies such as the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA) and the International Telecommunication Union (ITU - a U.N. agency), on the issue of worldwide tracking of commercial aircraft. Currently, as has been shown by AF-447 and MH-370 specifically, aircraft in remote and trans-oceanic areas are not continuously tracked. New guidelines in this regard are in place for 2020. The STAR-A.D.S. ® System has today the ability to more than comply with these guidelines.

2. STAR-M.M.I.™ Division The target market for this activity is to design and provide Flat Panel Displays for retrofit applications on legacy aircraft and helicopters (military and commercial). STAR-M.M.I.™ has already an installed base of several hundred displays. The first business action is to ensure that the product support and maintenance services are performed for existing units for clients of large aerospace companies. The Company is starting to expand into the market for new units through a network of distributors in both North America and Europe.

#### General

Until recently, Star has been technology driven. It has now moved into the sales and marketing mode, actively developing its added-value solutions, primarily

towards aerospace applications. Star has the support of an experienced Board of Directors and plans to deliver to its shareholders and customers both value and growth.

Aside from its efforts locally in Canada and the United States, as well as in Europe, the Company continues to pursue sales and marketing efforts for its products either directly or through joint arrangements in the Middle East, and South East Asia, focusing on airlines, operators and avionics integrators.

The Company is of the opinion that these areas represent a very significant current and future growth area in passenger miles flown and therefore, demand from operators for technology which will offer enhanced safety and efficiency to their operations.

#### *Risk Factors*

Factors which could cause actual results to differ materially from current expectations include, among other things, the ability of the Company to successfully implement its strategic, sales, research and development and financing initiatives and whether such initiatives will yield the expected benefits.

Until the Company's revenues are able to support its operating costs, it is dependent upon financing initiatives in order to operate..

The Company accepts the fact that pursuing opportunities in areas other than North America and Europe potentially subjects it to risks involving political unrest, cultural differences, differing legal environments and business practices, and the significant added expense of travel and accommodation for Company personnel required to be onsite for sales, testing and installation duties.

In addition, the ability of the STAR-A.D.S. ® and STAR- M.M.I.™ divisions to successfully promote and sell products and services is critical. Competitive conditions in the business in which the Company participates, supply chain interruptions, general economic conditions and normal business uncertainty, fluctuations in foreign currency exchange rates and changes in laws, rules and regulations applicable to the Company in the jurisdictions in which the Company operates are all factors to be taken into consideration.



## 4 Narrative Description of the Business

### 4.1 General

#### (a) STAR-A.D.S. ®

This is the In-Flight Safety Monitoring System, which has been developed and refined over the past 10 years. It is patented technology that reads data from the avionics buses of commercial aircraft while in flight (ARINC 717/573 and ARINC 429 and others available) and compares that data to expected norms. Essential systems monitored include: Flight Management Computers, Inertial Reference Systems, Air Data Computers, Flight Control Computer, Flight Guidance System, Flight Warning Computer, and Digital Flight Data Recorder.

Flight Data is stored on solid state storage inside the onboard Star Server Unit (SSU), which analyses the data in real-time and sends alerts about abnormal parameters and events to the ground along with selected data. It uses satellite communication when in the air and GSM or WIFI when on the ground. Time-critical information is sent right away, while other information is stored on board and transmitted at lower cost on the ground.

The system gives airline ground personnel the ability to track the aircraft anywhere in the world, monitor trends, predict possible failures, schedule repairs, and assist the flight crew to take preventive action as required. Airlines can reduce aircraft downtime and flight delays due to unscheduled maintenance, increase compliance with standard operating procedures, reduce fuel usage and gain efficiencies from the many reports and data feeds available.

#### STAR-A.D.S. ® Business Objectives 2017

In calendar 2017, the Company's business objectives for STAR-A.D.S. ® are:

- continue to execute the commercialization of the STAR-A.D.S. ® System, STAR-T.T.T. ™ and STAR V-trk ™ products with a focus on:
  - Specific airlines and operators using the legacy A320, B737 and Learjet business jets to leverage on Star's existing STC's and first installation experience.
  - Completing the dual certification of the STAR-T.T.T. ™ in China and in Canada and commencing its entry into markets for Talk, Track and Text requirements.
  - Implementing the joint sales and marketing plan with our Chinese partner
  - Finalizing the qualification and certification of the STAR V-trk ™ for small platforms and for ground transport, and bringing it into the market.
  - Working closely in support of the efforts of its distributors specifically in Europe, North America, and the Middle-East.

- Further development of the capability and marketability of its data management services through further value-added services, either in-house or in a partnership, offering applications directed towards flight safety, analysis of their operational data, and other services that allow the operator to save time and resources in the collection, formatting and analysis of data.
- In conjunction with the Company's' strategic partners, developing new and refining existing medical monitoring aspects of the STAR-ISMS® technology. The first MEDEVAC development contract is an R&D effort, supported by the Quebec MEDTEQ provincial organization, and the Federal NSERC. It addresses a representative prototype of the Emergency Medical Evacuation application using the STAR-A.D.S.® System, transmitting the bio data of a patient directly from the aircraft in flight to the receiving medical dispatch center, in real time. Applications are designed to enhance EMS and Military capabilities, as well as supporting passenger airlines and highway ambulances.
- Implementation of a three-year R&D plan for the STAR-A.D.S.® System, STAR-T.T.T.™, Star *V-trk*™ and STAR-M.M.I.™ lines of products to structure and to support development efforts and to ensure increased product offerings.

(b) STAR-M.M.I.™ Division

The Division designs, manufactures, qualifies and supports on-Board flat screen displays for Aerospace cockpits (civil or military fixed wing aircraft and helicopters) as well as for Naval and Army applications. These high-performance LCD displays and control panels can be military or civil qualified for all applications.

Currently, the Division's main focus is in working with several large aerospace companies in the repair and refurbishment of LCD cockpit displays fitted aboard mission aircraft and helicopters by international avionics manufacturers and integrators (such as Lockheed Martin, Northrop Grumman Italy, Blue Aerospace).

STAR-M.M.I.™ Business Objectives 2017

In calendar 2017, the Company's business objectives for STAR-M.M.I.™ are:

- Development of additional STAR-M.M.I.™ Division products (e.g. retrofits for commercial aircraft and helicopters in addition to military aircraft) and capabilities through distribution and support agreements with complementary companies. Already, through our focused approach on European and Asian targets for key retrofit military programs, the Company is responding to specific retrofit requests. This will ensure that STAR-M.M.I.™ stays focused on market opportunities in North America and in Europe.

- Initiation of STAR-M.M.I.™ new technology applications and uses, such as the use of latest LCD available matrices, and the potential of OLED in an aerospace environment.
- Increase of STAR-M.M.I.™ capabilities for obsolescence replacement solutions to the market (defense and commercial). STAR-M.M.I.™ is proposing, for instance, to replace legacy CRT based instruments in displays with LCD based specialized modules (less power requirement, lighter weight, increased readability and reliability.)

(c) Sources and Use of Available Funds (CDN \$)

<u>Sources of Funds</u>	
Current Working Capital (November 30/16)	( 917,489 )
Proceeds of Minimum financing	1,200,000
Revenues ADS/ MMI / other	2,280,000
<u>Total Available Funds</u>	<u>2,562,511</u>

<u>Use of Funds</u>	
General & Administrative 12 months	1,398,000
Inventory	620,000
<u>Total Use of Funds</u>	<u>2,018,000</u>
Unallocated Working Capital	544,511

(c) The Market

The market for STAR-A.D.S.® is extensive. Both new and also legacy aircraft are excellent candidates for this system.

(i) **STAR-A.D.S.® System and variations**

*Commercial Aircraft*

The losses of Malaysian Airline's Flight 370 and Air France's Flight 447 highlight the need for real time tracking and reliable data transmission from aircraft to the ground. The international Regulatory Bodies (e.g.: IATA, ICAO, ITU etc.) are actively working to introduce new guidelines to correct these issues.

- Star has received Boeing B737 and Airbus A320 Supplementary Type Certificates (“STC’s”) under Transport Canada rules and regulations allowing the installation and operation of the **STAR-A.D.S. ® System** on these aircraft, and will process them with the U.S. F.A.A. and Europe’s EASA as needed by customer requirements. Star is already authorized to implement the STAR-A.D.S. ® System on board both aircraft families.
- Star is focusing its’ efforts on the B737 and the Airbus A320 families of aircraft, which account for 55% of the current global fleet, and which are expected to constitute the majority of aircraft to be delivered by 2033.
- For the wide body aircraft segment, Star is focusing on the B777, A330 and B747-400 fleet (STC’s are under preparation for the B777 and A 330).
- Geographically, Star is focusing on North America, India, the Middle East, and is opening the Chinese market with a local partner (Chengdu Spaceon Technology Co. Ltd.).

### *Business Jets*

The Business Jet segment offers similar requirements to the commercial aircraft segment, with the following main elements:

- Strong growth expected over the period 2013- 2033, with a net 17,250 new aircraft to be delivered.
- A wide diversity of operators, with fractional operators expected to account for approximately 10% of business jet deliveries over the next 20 years.
- A pre-dominance of sales in North and South America.

A first customer operating Learjet 45’s in the sector (Skyservice) has opened the way to sales with:

- Learjet operators (more than 400 Learjet 45/75’s have been built).
- Bombardier Aerospace - other lines of business aircraft.
- Similar Fixed Based Operators such as NetJets (600 aircraft).

Skyservice also operates a Medical Evacuation service.

- The Company is part of a federally and provincially supported Research and Development program, developing applications for real time, in-flight transmission of medical data. This opens the EMS helicopters and commercial aircraft market segment.

*Smaller Aircraft and Helicopters*

- For smaller aircraft and helicopter platforms, the small size and capabilities of the STAR V-*trk*<sup>™</sup> are ideally suited. The current marketing and sales campaign targets Bombardier's lines of medium sized aircraft, and regional aircraft operators.
- STAR-T.T.T. <sup>™</sup>, in conjunction with a local partner (Spaceon), will initially address the Chinese and Asian market, bringing to medium sized platforms Text, Talk and Track capabilities,

*General*

- A relationship has been established with a major Insurance broker (Nacora) and Company (Kuehne and Nagel) whereby they would offer mutual customers reduced insurance premium incentives when the STAR-A.D.S. ® System is installed.

**(ii) STAR-M.M.I. <sup>™</sup> Division**

The STAR-M.M.I. <sup>™</sup> Division is focussing on niche applications that are characterized by displays which are very specific or need to be highly customized. Niche markets can translate into large amounts of units (e.g. Lockheed Martin DEP displays by Star total more than 500 units).

Our main market today is Military platforms having older cockpits, often with space (real estate) constraints, that are being upgraded with new systems (e.g. surveillance, navigation), and which will require a man-machine interface.

Today, military budget constraints require most air forces to try and maintain their existing inventory (airborne platforms, whether rotary or fixed-wing) and upgrade them with new systems. STAR-M.M.I. <sup>™</sup> products meet the growing need for customized, advanced LCD displays and control units for retrofits, and for obsolescence management on legacy aircraft and helicopters.

The largest expenditure for military equipment – accessible- remains in North America. Star works with system suppliers or with OEMs on the upgrades.

Our technologies and capabilities can also apply to commercial airlines - provided we have the necessary authorizations – applications for which are ongoing and expected to be completed by end of 2017. This should open new oppourtunities in the civil retrofit market.

Leveraging its capabilities towards a market use, STAR-M.M.I. <sup>™</sup> has R&D programs for new LCD applications and technologies that are being proposed for funding support by the Canadian authorities.

- STAR-M.M.I.™ focuses on:
  - Support and maintenance of the displays already in use.
  - Developing new applications in the retrofit military segment directly.
  - Enhancing its visibility for IRB and offsets (military) in Canada, and towards major US military suppliers such as Lockheed Martin, or Northrop Grumman (already customers).
  - Increasing its capacities with respect to commercial aerospace market displays.
  - Developing new customers through teaming with distributors in North America, Europe and Asia
- STAR-M.M.I.™ is also working on securing strategic partnerships to facilitate access to various geographical segments in North America, the Middle East and Asia, both for military upgrades as well as for the civil market.
- New R&D programs are currently being presented with a view to fielding new products and applications.
- STAR is now in a position to provide expertise in Flat Panel Displays for harsh environment use (Aerospace, Land, Naval - military as well as commercial usages), and to support the development of specific local industries in these fields through focused technical assistance and guidance.

### **Product Distribution**

The Company utilizes a mix of territorial, commission based sales agents and an expanding network of distributors, together with internal resources, to market and sell its products and services.

The STAR-A.D.S.® System and STAR-M.M.I.™ Division activities are fully developed and commercial ready. Ongoing R&D activities continue in order to respond to customer customization and enhancement suggestions.

### **(3) Production and sales:**

- (a) All production is in-house, subject to certain specialized activities such as outside testing labs, which are sub-contracted. MMI Division activities such as repair functions are handled in-house by experienced personnel. Sales is generally an internal function, supplemented by commissioned overseas sales agents and distributors ;
- (b) No exotic or scarce commodities are required for production.
- (c) While employment head count fluctuates from time to time, the Company generally employs between 15 and 20 personnel.

(d) Foreign operations. See 3.3 Risk Factors

(e) Due to the military nature of much of its operations, the bulk of STAR-M.M.I.™ Division revenues are generated by multi-year contracts with large multi-national clients such as Lockheed Martin.

(4) Competition:

The Company competes on a worldwide basis with a small number of competitors including OEM developed systems. Each particular system has particular strengths and weaknesses and is often best suited to a specific type or age of aircraft. The Company is of the opinion that the STAR-A.D.S.® System is best suited to accommodate the widest range of applications, for both older aircraft and current ones.

4.2 Asset –Backed Securities:

The Company has no asset-backed securities outstanding.

4.3 Mineral Projects

The Company has no mineral projects.

4.4 *Oil and Gas Operations*

The Company has no Oil and Gas Operations

5. Selected Consolidated Financial Information

5.1 Annual Information —

(a) net sales or total revenues;

	Sept 30, 2016	June 30, 2016	June 30, 2015	June 30, 2014
	\$	\$	\$	\$
Revenue	116,730	464,364	748,428	53,731
Income C.O.'s	(436,194)	(3,458,772)	(2,993,408)	(3,426,997)
Basic/Diluted	(0.001)	(0.01)	(0.01)	(0.01)
Total assets	361,610	391,983	1,914,998	2,332,595
LTD	1,325,369	1,325,369	1,335,640	88,398
Dividends	n/a	n/a	n/a	n/a

See also Appendix “A”

## 5.2 Quarterly Information —

(Expressed in \$)

	2016	2016	2016	2015
Period Ending	September 30	June 30	March 31	December 31
Revenue	116,730	2,851	45,350	304,458
Net Loss	(436,194)	(1,827,459)	(633,730)	(379,319)
Net Loss (per Share)	(0.001)	(0.005)	(0.002)	(0.001)

	2015	2015	2015	2014
Period Ending	September 30	June 30	March 31	December 31
Revenue	111,705	35,733	46,758	596,466
Net Loss	(618,264)	(823,615)	(782,522)	(715,326)
Net Loss (per Share)	(0.002)	(0.002)	(0.002)	(0.002)

## 5.3 Dividends

There is no restriction that could prevent the Issuer from paying dividends, other than its financial position and the need to retain funds for future growth. The Issuer does not currently have a formal dividend policy but would consider the payment of dividends as circumstances permit. No dividends have been paid, nor are any contemplated at this time.

## 5.4 Foreign GAAP

The issuer does not present its consolidated financial information on the basis of foreign GAAP.

6. Management's Discussion and Analysis

- 6.1 Annual MD&A Attached to this Listing Statement as Appendix "B" is management's MD&A dated October 28, 2016 for the financial year ended June 30, 2016.
- 6.2 Overall Performance Please see the Issuers MD&A described in "Section 6.1 – Annual MD&A".
- 6.3 Selected Annual Financial Information Please see the Issuers MD&A described in "Section 6.1 – Annual MD&A".



- 6.4 Variations – Please see the Issuers MD&A described in “Section 6.1 – Annual MD&A”.
- 6.5 Results of Operations Please see the Issuers MD&A described in “Section 6.1 – Annual MD&A”.
- 6.6 Summary of Quarterly Results – Please see Section 5.2.
- 6.7 Liquidity –

The Company has experienced challenges from a sales perspective with respect to its STAR-A.D.S. ® product. Although it has seen an initial sale in the Business jet area, and sales agreements with several small regional carriers that so far have not reached the installation stage, there have been no sales to established major carriers. Negotiations have been underway for over a year with a large Middle Eastern carrier and a final decision is expected in the next three months.

On the other hand, revenues from STAR-M.M.I. ™ sales have been very supportive. Although constrained in 2016 due to protracted negotiations between MMI’s major customer and the U.S. Navy, that contract has now been finalized and as stated earlier, has been extended to 2020. This will greatly assist in alleviating the Company’s recent cash flow concerns over that period.

In addition, over the past 3 months, the Company has been involved in discussions respecting the issue of a CDN\$ 1,200,000 convertible debenture which, if fully subscribed, will also generate significant operational funds.

The Company has been able to maintain good relations with respect to its lenders, lessors and suppliers and expects to remedy any existing arrears of payment over the next calendar year.

The Company expects that the combination of Debenture financing, increasing STAR-M.M.I. ™ sales, (both to existing and to new customers), and the entry into the market of new products such as *STAR v-trk*™ and *STAR-T.T.*™ will bring the Company additional revenues and stability.

Please see also section 4.1 (c).

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt	2,976,474		2,976,474		
Capital Lease Obligations					

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Operating Leases					
Purchase Obligations <sup>1</sup>					
Other Long Term Obligations <sup>2</sup>					
<b>Total Contractual Obligations</b>	2,976,474		2,976,474		

<sup>1</sup> "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

<sup>2</sup> "Other Long Term Obligations" means other long-term liabilities reflected on the Issuer's balance sheet.

6.8 Capital Resources – The Company has taken steps over the past year to reduce all unnecessary overhead while maintaining operational viability. This has reduced the monthly burn rate. R&D, while being carried out at a reduced level over the past year, has continued to provide required enhancements to the product mix.

No major new expenditures are planned for the next calendar year.

6.9 Off-Balance Sheet Arrangements – The Company does not have any off-balance sheet arrangements.

6.10 Transactions with Related Parties -. Please see the Issuers MD&A described in "Section 6.1 – Annual MD&A".

6.11 Fourth Quarter - Please see the Issuers MD&A described in "Section 6.1 – Annual MD&A".

6.12 Proposed Transactions – No asset or business acquisitions or dispositions are proposed or under consideration at this time.

6.13 Changes in Accounting Policies. No such changes are proposed or under consideration at this time

6.14 Financial Instruments and Other Instruments. Please see the Issuers MD&A described in "Section 6.1 – Annual MD&A".

Interim MD&A

- 6.15 Date – Attached to this Listing Statement is management’s discussion of the Issuer’s financial condition and results of operations as follows: Schedule “C” Unaudited Interim Financial Statements and related MD&A of the Issuer for the three month period ended September 30, 2016.
- 6.16 Updated Disclosure - Please see the Issuers Interim MD&A described in Schedule “C”
- 6.17 Additional Disclosure for Issuers without Significant Revenue: Please see the Issuers Annual MD&A described in “Section 6.1 – Annual MD&A” and Interim MD&A described in section 6.15.
- 6.18 Description of Securities: Set out below is the designation and number of each class or series of voting or equity securities of the Issuer for which there are securities outstanding and each class or series of securities of the Issuer which are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer. Common shares are the only voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer.

Designation	Number Outstanding
Common Shares	390,894,805
Series 1 First Preferred Shares	615,000
Warrants	155,245,684
Options	9,897,900

- 6.19 Provide Breakdown: Please see the Issuers MD&A described in “Section 6.1 – Annual MD&A”.
- 6.20 Negative cash-flow –Please see section 6.7;

6.21 Additional disclosure for Issuers with significant equity investees: This section is not applicable to the Issuer as the Issuer is not an issuer with significant equity investees.

7. *Market for Securities*

7.1 The Issuers common shares are currently listed on the TSX Venture Exchange under the symbol “SNA”, although halted as at the date of this Listing Statement. The Issuers common shares are also listed on the Frankfurt Stock Exchange under the symbol “S30”: FRA

8. *Consolidated Capitalization*

8.1 There has been no material change in the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

9. *Options to Purchase Securities*

9.1

<b>Stock Options</b>	<b>Common shares</b>	<b>Issue Date</b>	<b>Expiry date</b>	<b>Exercise price</b>
All current and past Executive Officers of the Issuer	4,321,000	May 2014- October 2016	Jan. 2018- March 2021	\$0.05 - \$0.15
All directors and past directors who are not also executive officers	2,581,900	Jan.2012 – March 2016	Feb. 2018 – March 2021	\$0.05 - \$0.15
All Executive Officers and past executive officers of all subsidiaries excluding individuals referred to above	n/a	n/a	n/a	n/a
All other employees and past employees of the Issuer	2,695,000	Jan. 2013 – March 2016	Feb. 2018 – March 2021	\$0.05 - \$0.12

All consultants of the Issuer as a group without naming them	300,000	March 2016	March 2021	
Any other person or company, including the underwriter without naming each person or company	n/a	n/a	n/a	n/a
<b>TOTALS</b>	9,897,900			

## 10. *Description of the Securities*

### 10.1 Common Shares

The authorized capital of the Issuer consists of an unlimited number of Common Shares without nominal or par value, an unlimited number of first preferred shares without par value issuable in series and an unlimited number of second preferred shares without par value issuable in series. All of the issued shares are fully paid and are not subject to any future call or assessment. All of the issued common shares rank equally as to voting rights, participation and a distribution of the Issuer's assets on liquidation, dissolution or winding up and the entitlement to dividends. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of shareholders of the issuer. Each common share carries one vote at such meetings. Holders of common shares are entitled to dividends if and when declared by the directors, and, upon liquidation, to receive such portion of assets of the Issuer as may be distributable to such holders. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

The Series 1 First Preferred Shares are not entitled to receive notice of nor vote at any meeting of shareholders of the Issuer, unless the meeting is called to consider any matter in respect of which the holders of the Series 1 First Preferred Shares are entitled by law to vote separately as a class for the purpose of authorizing the dissolution of the Issuer or the sale, lease or exchange of all or substantially all of the property of the Issuer, in which case each holder shall be entitled to notice of the meeting and to one (1) vote in respect of each Series 1 First Preferred Share held. Holders of Series 1 First Preferred Shares are entitled to non-cumulative cash dividends in priority to the common shares, in the amount of seven (7%) percent per annum, as and when declared by the Board of Directors. The Series 1 First Preferred Shares are redeemable by the Issuer on payment of \$1.00 per share, and the Issuer cannot be required to redeem.

There are no Second Preferred Shares issued and outstanding.

10.2 Debt securities – There are no debt securities issued by the Issuer.

10.3 Other securities - This is not applicable to the Issuer.

10.5 Modification of terms: This is not applicable to the Issuer.

10.6 Other attributes: This is not applicable to the Issuer.

10.7 Prior Sales - In April of 2016 the Issuer completed a non-brokered private placement, issuing 31,801,333 units of the Issuer (a "Unit" or the "Units") at a price per Unit of \$0.03 for gross proceeds of \$954,040. Each Unit consisted of one common share in the capital of the Issuer and one warrant. Each of the warrants acquired entitled the holder to purchase one (1) additional common share of the Issuer at seven (\$0.07) cents per warrant exercised. The warrants were stated to be exercisable during the three (3) year period from the date of issue.

10.8 Stock Exchange Price:

The common shares of the Issuer are currently listed on the TSX Venture Exchange under the trading symbol "SNA". Trading was halted by the TSXV November 4, 2016 due to an Ontario Securities Commission Cease Trade Order of November 3, 2016. That CTO was revoked November 7, 2016 but the common shares remain halted pending a TSX-V reinstatement review.

The table below sets forth the high and low trading prices and volume for the common shares on a monthly basis for the current and immediately preceding quarters, and on a quarterly basis for the next preceding seven (7) quarters.

Price Range and Trading Volume for Selected Periods <sup>1</sup>

	High	Low	Volume
October 2016	0.03	0.02	8,185,600
September 2016	0.03	0.02	4,840,500
August 2016	0.03	0.02	2,892,000
July 2016	0.03	0.02	5,341,500
June 2016	0.03	0.02	3,278,600
May 2016	0.03	0.02	7,589,500
Feb.- Apr 2016	0.03	0.02	6,066,500
Nov 2015-Jan 2016	0.04	0.02	14,092,900
Aug 2015- Oct 2015	0.05	0.03	9,701,000
May2015-July 2015	0.05	0.03	11,988,800
Feb 2015-Apr 2015	0.06	0.03	18,365,600
Nov 2014-Jan 2015	0.07	0.04	13,264,100
Aug 2014-Oct 2014	0.07	0.04	8,538,300

(<sup>1</sup>) Please note: all prices rounded to nearest full cent

## 11. Escrowed Securities

To the knowledge of the Issuer, no securities of the Issuer are or will be held in escrow.

## 12. Principal Shareholders

To the knowledge of the Issuer, no person, company, partnership, trust or other unincorporated entity is a principal shareholder of an Issuer owning more than 10 per cent of any class of voting securities of the Issuer, nor is more than 10 per cent of any class of voting securities of the Issuer held, or is to be held, subject to any voting trust or other similar agreement.

## 13 Directors and Officers

13.1 The following table lists the name and municipality of residence of each current director and executive officer of the Issuer, indicates their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

<b>Name and Municipality of Residence</b>	<b>Present Principal Occupation</b>	<b>Year first became director or was Appointed</b>	<b>Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup></b>	<b>Number of Options Held</b>
Viraf Kapadia <sup>(2)(3)(5)</sup> Mississauga, ON, Canada	Chief Executive Officer of Star Navigation Systems Group Ltd.	August 29, 2002	8,109,733	3,000,000
Ibrahim Al Hamer <sup>(4)</sup> Muharrag, Kingdom of Bahrain	Executive Chairman, Techno ProSys™, eSolutions & Aero Consulting, Middle East Operations Manager, Star Navigation Systems Group Ltd.	October 20, 2003	2,233,333	800,000
Gus Nariman <sup>(2)(4)(5)</sup> Toronto, ON	Airline Captain,	August 9, 2011	2,113,333	420,000

Jean-Louis Larmor, Montreal, PQ	Chief Operating Officer, Star Navigation Systems Group Ltd. since 2015. Previously Director - Thales International Canada, Director Business Development – Aerospace, Thales International, North America, Vice President- Strategy and Business Development, Sextant Avionique, and Marketing and Sales positions with Aerospatiale, France.	2014	566,667	1,171,000
Randy Koroll, Toronto, ON	Chief Financial Officer, Star Navigation Systems Group Ltd.	2009	nil	950,000

(1) The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers individually.

- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Corporate Governance Committee.
- (4) Independent director.
- (5) Member of the Strategic Planning and Human Resources Committee

13.2 All Directors are elected annually.

13.3 Securities held by directors and executive officers. Please see table above.

13.4 Board Committees. Please see table above.

13.5 Bankruptcies.

Subject to 13.5.1, no director or officer of the Issuer nor, to the best of the knowledge of the Issuer, a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period



of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

13.5.1 Mr. Randolph Koroll, CFO of the Issuer, was CFO of Bassett Media Group Ltd. when it made a voluntary assignment into bankruptcy in November, 2010.

### 13.6 Penalties or Sanctions

No director or officer of the Issuer, nor, to the best of the knowledge of the Issuer, a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.7 Conflicts of Interest There are no existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

### 13.8 *Management*

The following are brief biographies of the current executive officers, directors and management of the Issuer:

Viraf S. Kapadia

Position: Chairman of the Board and CEO

Senior business executive with over 39 years of managerial experience in Europe, Asia and North America in the fields of Accounting, Aviation and Financial Services. Mr. Kapadia has created numerous patented technologies and solutions including the STAR-ISMS® technology. Mr. Kapadia also owns other patents in aviation.

Captain Gustasp F. Nariman

Position: - Director

Captain Nariman was appointed a director in mid-2011. He brings to the position a wealth of aviation experience, having flown over 22000 hours in total. In addition, he has significant Operations and Management experience, and is in an excellent position to provide guidance with respect to the specific needs of both pilots and the Operations Department. He is currently a Senior Commander flying the Airbus A-330.

Ibrahim Al Hamer

Position – Director

Mr. Al Hamer has over 30 years of high level experience in the aviation, aluminum, petroleum, hospitality and banking industries. He has served on the Board of two publicly traded companies on the Bahrain Stock Exchange. From 1985 - 2001 he was Chairman of the Executive Committee of the Bank of Bahrain and Kuwait. He has held the position of Chairman of the Board of Bahrain Hotels Company and Undersecretary of Civil Aviation in the Ministry of Transport, Bahrain. In addition, he was the CEO of Gulf Air, Bahrain, one of the largest airlines in the Middle East.

Jean-Louis Larmor

Position: Chief Operating Officer and Corporate Secretary

Mr. Larmor brings to this position an extensive background in the Aerospace Industry. His experience ranges from company management, to strategic analysis, business development, program management, sales and support. Previous positions include Director- Thales International Canada, Director Business Development- Aerospace, Thales International, North America, Vice President-Strategy and business Development, Sextant Avionique, and Marketing and sales positions with Aerospatiale, France.

Randy Koroll

Position: Chief Financial Officer

Mr. Koroll has over 27 years of high level experience in the accounting sector. He has served as a Chief Financial Officer for 10 publicly traded and private companies since 2001. He has experience as a Director and Audit Committee Chairman of two publicly traded companies. He specializes in taking companies public on the TSX-V through its Capital Pool Company ("CPC") program. In addition, he has also been a speaker as a public company CFO for the TSX-V in their seminar series "How to Manage a Public Company".

## 14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

**Issued Capital**

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully- diluted)</b>	<b>%of Issued (non- diluted)</b>	<b>% of Issued (fully diluted)</b>
<u>Public Float</u>				
Total outstanding (A)	390,894,805	567,407,676		
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	n/a			
Total Public Float (A-B)	390,894,805	567,407,676		

<u>Freely-Tradeable Float</u>	390,894,805
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Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	n/a
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Total Tradeable Float (A-C)	<u>390,894,805</u>
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14.2 Securities convertible or exchangeable into any class of listed securities.

There are no such securities of the Issuer issued and outstanding.

14.3 Listed securities reserved for issuance. There are no such securities of the Issuer issued and outstanding.

15. Executive Compensation

15.1

The following table provides a summary of total compensation earned during each of the twelve month periods ended June 30, 2016, 2015, 2014, and 2013, respectively, by the Corporation's Chief Executive Officer and Chief Financial Officer, each of the three other most highly compensated executive officers of the Corporation who were serving as such as at June 30, 2015 and whose total compensation was, individually, more than C\$150,000 (the "**Named Executive Officers or "NEOs"**") and each other individual who would have been an NEO but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at June 30, 2015 (hereinafter, collectively, referred to as the "**Other Executive Officers**" ") for services rendered in all capacities during such period.

SUMMARY COMPENSATION TABLE							
Name and Principal Position of Named Executive Officer	Twelve Months Ended Jun 30	Salary (CDN\$)	Option-Based Awards (CDN\$) (3)	Non-Equity Incentive Plan Compensation <sup>(1)</sup>		All Other Compensation (CDN\$)	Total Compensation (CDN\$)
				Annual Incentive Plans (CDN\$)	Long-Term Incentive Plans (CDN\$)		
Viraf Kapadia Chief Executive Officer	2016	41,700	35,000	Nil	Nil	12,000	53,700
	2015	270,000(2)	Nil			12,000(4)	282,000
	2014	270,000(2)	Nil			12,000(4)	282,000
	2013	270,000(2)	57,068			12,000(4)	339,068
Jean-Louis Larmor Chief Operating Officer	2016	186,600	10,000				186,600
	2015	132,000(2)	Nil	Nil	Nil	Nil	132,000
Randy Koroll Chief Financial Officer	2016	84,840	12,500				84,840
	2015	84,000	Nil				84,000
	2014	81,000	4,938	Nil	Nil	Nil	85,938
	2013	75,000	10,127				85,127
Dale F. Sparks (5) Chief Technology Officer	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil				Nil
	2013	74,999	Nil				74,999
John Thorburn (6) Chief Operating Officer	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2014	58,221	Nil				58,221
	2013	150,000	9,517				159,517

**Notes:**

(1) The Corporation does not have an annual performance bonus plan. However, the Compensation and Corporate Governance Committee and/or the Board of Directors may award annual discretionary bonuses based on an individual or the Corporation achieving certain designated objectives and for superior or exceptional performance in relation to such objectives. Bonuses are discussed and approved by the Compensation and Corporate Governance Committee after year end to be paid the following year in respect of the prior year. No bonuses were paid in fiscal 2016.

(2) Salary in the fiscal year ended June 30, 2015 was accrued for Viraf Kapadia and partially accrued for Jean-Louis Larmor (\$48,000). Salary in 2014 was accrued for Viraf Kapadia. Salary in the fiscal year ended June 30, 2013 was partially accrued for Viraf Kapadia. Salary in the fiscal year ended June 30, 2012 was partially accrued for Viraf Kapadia (and in the amount of \$42,000 for Dale F. Sparks). These accrual amounts have been recorded in the books of the Corporation as "Due to related parties" in the annual financial statements.

(3) These option based awards include options granted are calculated using the Black-Scholes valuation model. . See the Consolidated Financial Statements for the Corporation for the Years Ended June 30, 2015 for more information. The Auditors used the Black-Scholes valuation model as it most accurately captured the fair value of such stock options.

(4) Car allowance, which is payable to Mr. Kapadia pursuant to the Kapadia Employment Agreement. (See "Termination and Change of Control")

(5) On February 1, 2012, Dale F. Sparks left the Corporation. The position of Chief Technology Officer has not been filled. Severance totaling \$74,999 was paid to Dale F. Sparks in September 2012.

(6) On July 13, 2013, John Thorburn left the Corporation. The position of Chief Operating Officer has not been filled. Severance totaling \$58,221 was paid to John Thorburn in July 2013 and March 2014.

#### NEO OUTSTANDING OPTION-BASED AWARDS

The table below reflects all option-based awards for each Named Executive Officer outstanding as at June 30, 2015. The Corporation does not have any other equity incentive plans other than its Stock Option Plan.

NEO OPTION-BASED AWARDS OUTSTANDING AS AT JUNE 30, 2015				
Name of Named Executive Officer	Number of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Exercise Price (CDN\$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN\$) <sup>(2)</sup>
Viraf Kapadia Chief Executive Officer	300,000	0.15	February 15, 2018	Nil
	550,000	0.15	February 15, 2018	
	300,000	0.15	January 15, 2018	
	200,000	0.15	April 15, 2015	
	500,000	0.15	January 01, 2015	
	450,000	0.32	March 31, 2016	
Randy Koroll Chief Financial Officer	150,000	0.12	October 20, 2016	Nil
	200,000	0.12	February 15, 2018	Nil
	200,000	0.15	April 15, 2016	Nil
	200,000	0.20	August 22, 2016	Nil
	50,000	0.22	March 31, 2016	Nil

**Notes:**

(1) Each option entitles the holder to purchase one Common Share.

- (2) All of the options vested on the day they were granted. Calculated using the closing price per Common Share on the TSXV on June 30, 2015 of \$0.04 less the exercise price of the applicable stock options.

## INCENTIVE AWARD PLANS

The following table provides information concerning the incentive award plans of the Corporation with respect to each Named Executive Officer during the fiscal year ended June 30, 2015. The only incentive award plan of the Corporation during fiscal 2015 was its Stock Option Plan.

INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING THE FISCAL YEAR ENDED JUNE 30, 2015		
Name of Executive Officer	Option-Based Awards – Value Vested During Fiscal 2015 (CDN\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During Fiscal 2015 (CDN\$)
Viraf Kapadia	Nil	Nil
Randy Koroll	Nil	Nil

**Notes:**

- (1) All of the options for Messrs. Koroll and Kapadia vested between 4-12 months. The trading price of the Common Shares on the day before the options were granted was \$0.04.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregated information as at June 30, 2015 with respect to compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance. The only incentive award plan of the Corporation during fiscal 2015 was its Stock Option Plan.

Plan Category <sup>(1)</sup>	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the second column)
Stock Option Plan	30,000,000	\$0.12-\$0.13	1,977,648

## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction

The Compensation Discussion and Analysis section of this Information Circular sets out the objectives of the Corporation's executive compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Compensation and Corporate Governance Committee made in fiscal 2015 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Compensation and Corporate Governance Committee considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of Shareholder values; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders

of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general.

### **Benchmarking**

The Compensation and Corporate Governance Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of the Corporation. The Compensation Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, competitive compensation and the executive's overall contribution to the Corporation's success.

### **Elements of Compensation**

The compensation paid to the Named Executive Officers in any year consists of two (2) primary components: (i) base salary; (ii) stock options; and (iii) annual discretionary bonus incentive.

The Corporation believes that a significant portion of a Named Executive Officers compensation based on a base salary and long term incentives supports the Corporations executive compensation philosophy as these forms of compensation allow those most accountable for the Corporations success to acquire and hold the Corporations shares. The key features of these components are as follows:

#### *1. Base Salary*

Base salary recognizes the value of an individual to the organization, based on skill, performance, contributions, leadership and potential. Base salaries for Named Executive Officers are reviewed annually.

Base salary is critical in attracting and retaining executive talent in the markets in which the Corporation competes for talent. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation and a review of the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

#### *2. Stock Option Awards*

The Corporation provides long-term incentives to the Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. The Compensation and Corporate Governance Committee believes that stock option grants serve the Corporation's executive compensation philosophy in several ways: firstly, it helps attract, retain, and motivate talent; secondly, it aligns the interests of the Named Executive Officers with those of the Shareholders by linking a specific portion of the officer's total pay opportunity to share price; and finally, it provides long-term accountability for Named Executive Officers.

Besides the plans that are available to substantially all employees, and the car allowance to Mr. Kapadia, the Corporation does not offer any additional perquisites and other benefits to any Named Executive Officers.



3. *Annual Discretionary Bonus Incentive*

The Corporation does not have an annual performance bonus plan. However, the Compensation and Corporate Governance Committee and/or the Board of Directors may award annual discretionary bonuses based on an individual or the Corporation achieving certain designated objectives and for superior or exceptional performance in relation to such objectives. Bonuses are discussed and approved by the Compensation and Corporate Governance Committee, usually after year end to be paid the following year in respect of the prior year. **No bonuses were paid in fiscal 2015.**

**Executive Benefit Plans and Other Elements of Compensation**

Only the Chief Executive Officer and Chief Operating Officer are eligible to participate in the benefit plans that are available to substantially all of the Corporation's other employees. These benefit programs include supplementary medical insurance, dental insurance, life insurance, long-term disability and long-term care plans. The Corporation does not provide any post-retirement benefits to any of the Named Executive Officers or employees of the Corporation.

**Termination and Change of Control Benefits**

On June 1, 2000, the Corporation entered into an employment agreement with Mr. Viraf Kapadia, Chief Executive Officer of the Corporation, (the "Kapadia Employment Agreement") for a 10-year term, which was renewed on January 1, 2010 for an additional 5-year period. The existing agreement has been renewed on an interim basis pending the report of the Compensation and Corporate Governance Committee, expected shortly. Pursuant to the terms of the Kapadia Employment Agreement, Mr. Kapadia is entitled to a base salary of \$270,000 per annum reviewable annually, and a performance bonus based on certain performance criteria. No performance bonus has been paid. In addition, Mr. Kapadia is entitled to participate in the Corporation's Stock Option Plan and group insurance benefits. Mr. Kapadia is also entitled to four (4) weeks paid vacation per year, as well as certain car allowance, annual allowance and traveling and other expenses. The Kapadia Employment Agreement imposes confidentiality obligations on Mr. Kapadia, as well as non-competition and non-solicitation obligations during the term of the Kapadia Employment Agreement and for a period of five (5) years after the termination of the Kapadia Employment Agreement. The Corporation may terminate the Kapadia Employment Agreement for cause, or without cause upon providing Mr. Kapadia with:

In case of a change of control, 60 days' notice of termination and 36 months' salary plus a three (3%) per cent continuing override on gross sales utilizing the technology under license, or

Absent a change of control, a three (3%) continuing override on gross sales utilizing the technology under license.

All of Mr. Kapadia's salary is accrued on a monthly basis. The Compensation and Corporate Governance Committee is currently reviewing compensation packages for all Named Executive Officers.

**COMPENSATION OF DIRECTORS**

As of June 30, 2016 the Corporation had three (3) directors, one (1) of whom is also a Named Executive Officer. Mr. Pierre Jeannot, a fourth director, resigned due to ill health November 16, 2016 and a fifth director, Mr. Abdul Mawji, resigned in November 2015. For a description of the compensation paid to the Named Executive Officers of the Company who also act as directors, see "Summary Compensation Table" above.

Except as disclosed here, none of the directors of the Corporation has any arrangements with the Corporation whereby they are compensated for services rendered in their capacity as directors, or for committee participation or for services as a consultant or expert during the fiscal year ended June 30, 2015.

The Corporation compensates its independent directors \$2,000 per month during the year. This amount is not paid in cash and may only be applied against the exercise by such director of options granted under the Stock Option Plan from time to time, as determined by the Board of Directors. During the most recently completed fiscal year of the Corporation, a total of \$124,000 was allocated to non-executive directors of the Corporation in respect of monthly retainer and Board committee compensation. Certain directors are also remunerated in cash for time spent as Committee Chairs. Directors are also entitled to receive stock options under the Corporation's Stock Option Plan. See "Director Outstanding Option-Based Awards" for additional information on such option grants. The Compensation and Corporate Governance Committee believes that option grants encourage actual share ownership and aligns the interests of the non-employee directors with those of Shareholders.

**Individual Director Compensation for Fiscal 2015**

The following table provides a summary of all amounts of compensation provided to the directors of the Corporation during the fiscal year ended June 30, 2015.

<b>DIRECTOR COMPENSATION TABLE FOR FISCAL 2015</b>					
<b>Name<sup>(1)</sup></b>	<b>Fee Earned (CDN\$)</b>	<b>Option-Based Awards (CDN\$)<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation (CDN\$)</b>	<b>All Other Compensation (CDN\$)</b>	<b>Total (CDN\$)</b>
Ibrahim Al Hamer	24,000	Nil	Nil	Nil	24,000
Gus Nariman	36,000	Nil	Nil	Nil	36,000
Pierre Jeannot	36,000	Nil	Nil	Nil	36,000
Abdul Mawji	28,000	Nil	Nil	Nil	28,000

**Note:**

(1) The relevant disclosure for Mr. Kapadia and Mr. Sparks, who resigned as a director of the Corporation April 13, 2012, is provided in the Summary Compensation Table for NEO's above.

**Director Outstanding Option-Based Awards**

The table below reflects all option-based awards for each director of the Corporation outstanding as at June 30, 2015 (including option-based awards granted to a director before fiscal 2012). The Corporation does not have any other equity incentive plans other than the Stock Option Plan.

<b>DIRECTOR OPTION-BASED AWARDS OUTSTANDING AS AT JUNE 30, 2015</b>				
<b>Name of Director</b>	<b>Number of securities Underlying Unexercised Options</b>	<b>Option Exercise Price (CDN\$/Security)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-the-Money Options<sup>(1)</sup> (CDN\$)</b>
Viraf Kapadia	300,000	\$0.15	February 15, 2018	Nil
	550,000	\$0.15	February 15, 2018	
	300,000	\$0.15	January 15, 2018	
	200,000	\$0.15	April 15, 2015	
	500,000	\$0.15	January 01, 2015	
	450,000	\$0.32	March 31, 2016	
Ibrahim Al Hamer	100,000	\$0.15	February 15, 2018	nil
	200,000	\$0.15	January 15, 2018	nil
	200,000	\$0.15	April 15, 2015	nil
Abdul Mawji	300,000	0.10	November 26, 2016	nil
Gus Nariman	100,000	\$0.15	February 15, 2018	nil
	120,000	\$0.20	August 31, 2016	nil
	200,000	\$0.15	April 15, 2016	nil
Pierre Jeannot	300,000	\$0.15	February 15, 2018	nil
	61,900	\$0.15	January 15, 2018	nil
	300,000	\$0.10	April 15, 2016	nil
	100,000	\$0.15	March 31, 2016	nil
	100,000	\$0.10	June 14, 2016	nil

**Note:**

- (1) All of the options vested on dates ranging from three months to one year. The trading price of the Common Shares on the TSXV as of the close of day on June 30, 2015 was \$0.04 per Common Share.

The following table provides information concerning the incentive award plans of the Corporation with respect to each director of the Corporation during the fiscal year ended June 30, 2015. The only incentive award plan of the Corporation during fiscal 2015 was the Stock Option Plan.

<b>INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING THE FISCAL YEAR ENDED JUNE 30, 2015</b>		
<b>Name of Director</b>	<b>Option-Based Awards – Value Vested During Fiscal 2015 (CDN\$) <sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During Fiscal 2015(CDN\$)</b>
Ibrahim Al Hamer	Nil	Nil
Gus Nariman	Nil	Nil
Abdul Mawji	Nil	Nil
Pierre Jeannot	Nil	Nil

**Note:**

- (1) There were no in the money options granted in the period July 1, 2014 to June 30, 2015.

16. *Indebtedness of Directors and Executive Officers*

None.

17. **Risk Factors**

Although management is working diligently towards generating revenue, improving cost containment and achieving profitable operations, the Company is subject to the risks generally associated with high-technology companies. These risks include fluctuations in operating expenses, lengthy sales cycles, the pace of technological change, human resource costs of necessary additional research and development, competition, regulatory approvals and permitting, and the need to secure further equity or debt financing and/or funding.

The Company is also subject to the risk of competition in a fast moving high technology industry. Protection of the Company's intellectual property carries the risk of expensive litigation. Retention of highly skilled key personnel, fluctuation of input costs, travel costs and general economic conditions may impact the Company's performance.

The Company's revenues depend mainly upon three factors: hardware sales, ongoing monthly monitoring charges and airtime and STAR-M.M.I. <sup>TM</sup> repair activities. Revenues from hardware are normally a one-time event and are dependent upon sales. Therefore, these revenues will vary from period to period. Revenue from a customer from ongoing monthly monitoring is relatively stable, but can vary depending upon usage and, in rare cases, upon the financial health of the customer. Revenue from STAR-M.M.I. <sup>TM</sup> Division activities has been relatively stable on an annualized basis but can and does vary throughout the year, as has been noted earlier.

The Company is working diligently to increase the level of sales across its product suite, carefully monitors the payment records of its customers, and sets its pricing models to reflect risk and return realities.

Operating expenses are generally stable but will vary depending on required staffing levels, equipment update and replacement, sales activity and required R&D activities. These expense items are pre-revenue in nature. As the Company now offers a fully developed STAR-A.D.S. ® System to the commercial aviation world, the demands upon its R&D department are increasing, which may result in the need to hire additional staff in this area. STAR-M.M.I. ™ R&D expenses are relatively low at this point.

Also, as the Company is determined to protect its Intellectual Property, cases of potential infringement of patent are not predictable and the legal costs involved can be substantial.

The Company's target clients for the flagship STAR-A.D.S. ® System are mainly commercial airlines. As is the case with high technology sales to any large commercial operation operating on slim margins in a competitive environment, the sales cycle is generally a lengthy one, involving multiple varied sales presentations to several different departments and stakeholders, including engineering, finance, operations and the executive. The target clients for STAR-T.T.T. ™, STAR-V-trk™ and STAR-M.M.I. ™ represent a much larger group which should require a shorter sales and installation cycle.

A large percentage of the Company's sales initiatives prior to STAR-A.D.S. ® involved non-North American customers, with the attendant travel and time requirements. This area is still an important sales target for the Company even as it places an enhanced emphasis on potential North American customers.

STAR- M.M.I. ™ is currently dependant on one major customer. Although there is an excellent history between its current customer and STAR- M.M.I. ™, and while it possesses specialized knowledge with respect to the products it sells, repairs and refurbishes on behalf of this customer, there are risks inherent in such a sole source arrangement until the Company can expand its customer base.

Although the Company's exclusive world-wide license to the patented technology underlying the STAR-ISMS® unit provides a large measure of security, advances in technology are possible.

Regulatory matters can delay the sales process to varying degrees. The Company relies upon entities such as Transport Canada ("TC") to issue approvals such as STC's, required whenever the Company is installing equipment aboard an aircraft.

While TC works hard and provides excellent service, this is unfortunately not always the case with all regulators, which can lead to unanticipated delays. In addition, the Company will soon be making applications for F.A.A. STC's in order to facilitate U.S. sales. As is the case with all regulatory matters, this procedure may be subject to yet unidentified delays.

Until revenues exceed expenses, the Company raises the necessary capital through private placements and other financing tools. There can be no assurance that management will be successful in raising the necessary capital required to fund ongoing activities.

As noted herein, there are a number of risks inherent in the business of the Company. As a result of those risks, and its present stage of development, an investment in the Company should be considered highly speculative.

18. Promoters

18.1

- (a) Frontier Consulting Ltd.
- (b) Number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised; NIL
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; NIL

18.2 (1) "Orders"

NOT APPLICABLE

- (2) For the purposes of section 18.2 (1), “order” means:
  - (a) a cease trade order;
  - (b) an order similar to a cease trade order; or
  - (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.
- (3) If a promoter referred to in section 18.2 (1):
  - (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
  - (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

NOT APPLICABLE

19. Legal Proceedings

In October, 2016, the Company, amongst others, was served with a Statement of Claim with respect to assets purchased from Luxell Quebec Technologies Inc. in 2014. The Company views the allegations in the Statement of Claim as being without foundation or basis in fact. There have been no further developments since the Company filed a Statement of Defense in the matter on October 21, 2016.

19.2 Regulatory actions - There are no such actions.

20. Interest of Management and Others in Material Transactions

NOT APPLICABLE

21. *Auditors, Transfer Agents and Registrars*

21.1 Auditor of the Issuer. Collins Barrow Toronto LLP

21.2 Transfer agent and Registrar, Capital Transfer Agency Inc.

22. *Material Contracts* Please see section 3.1

22.2 There are no co-tenancy, unitholders' or limited partnership agreements.

23. *Interest of Experts*

23.1 NOT APPLICABLE

24. *Other Material Facts*

24.1 There are no material facts about the Issuer and its securities that are not disclosed under the preceding items.

25. *Financial Statements*

25.1 Attached as Appendix "A" please find copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years.

Attached as Schedule "B" please find a copy of financial statements for the interim period ended September 30, 2016 of the current fiscal year.



The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

#### CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, STAR NAVIGATION SYSTEMS GROUP LTD., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 2nd day of February, 2017

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Viraf S. Kapadia

Chief Executive Officer

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Randy Koroll

Chief Financial Officer

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FronTier Consulting Ltd.

Promoter

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Gustasp Nariman

Director

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Viraf S. Kapadia

Director

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