Star Navigation Systems Group Ltd.

Management's Discussion and Analysis

For the three and six month periods ended December 31, 2022 and 2021

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for Star Navigation Systems Group Ltd. (the Company" or "Star") for the three and six month periods ended December 31, 2022 and 2021 and should be read in conjunction with the consolidated audited financial statements for the years ended June 30, 2022 and June 30, 2021. Amounts are reported in Canadian dollars based upon the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Information contained herein is presented as at March 1, 2023.

Certain information in this MD&A or incorporated by reference, and in other public announcements by the Company is forward–looking and is subject to important risks and uncertainties. Words such as "may", "will", "believe", "expect", "anticipate", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements may be found in the General Development of the Business, Overview of Products, Operational Milestones, Outlook, Selected Financial Information, Results of Operations, Liquidity and Capital Resources and Overview sections of this MD&A. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives. Forward–looking statements are necessarily based upon estimates and assumptions considered reasonable by management but which are subject to business, economic and competitive uncertainties. Results could differ materially from those projected in forward-looking statements. Aside from its efforts locally in the United States and Canada as well as in Europe, the Company continues to pursue sales and marketing efforts for its main Star Airborne Data System ("STAR-A.D.S.®") and Star Man, Machine, Interface ("STAR M.M.I.™") Division products and variants, either directly or through joint arrangements in North America, the Middle East, South-East Asia, Africa and developing countries. Star focuses on developing tracking, monitoring and analytics solutions for airlines, land and marine vehicles. The current geographical sales and marketing focus has been in the African continent, South-East Asia, Middle East and South America. The Company is of the opinion that these geographical areas represent very significant current and future growth potential in terms of both passenger miles flown and vehicle tracking systems in general. There is increasing demand for technology from airline operators and other transportation providers seeking enhanced safety and efficiency for their operations.

However, the Company accepts the fact that pursuing opportunities in areas outside 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. The Company endeavors to mitigate these risks as much as reasonably possible through the judicious use of secure financial instruments, experienced local and international sales agents and coordinated marketing and travel arrangements.

While continuing its efforts in North America and Europe, the Company's current marketing focus for its STAR-A.D.S.® System and its other tracking solutions is on sales to smaller new or restructured markets in areas outside the traditional North American and European large carrier market. This results in large part from the rapid increase in passenger volumes over the past few years in many countries in the Middle East, South-East Asia and Africa.

Prior to COVID-19, new airlines were looking for ways in which to both comply with changing regulatory requirements while at the same time, maintaining strict maintenance and financial control over their operations. The Company's business is based in large part in providing solutions to those issues, amongst others.

As COVID-19 has become less and less of a threat around the world, many of these airlines have revisited all aspects of their operations and are returning to pre-pandemic levels, it is hoped that the Company, through its local agents and partners, will be there to provide the necessary guidance and equipment.

Operations in developing and emerging markets require both caution and knowledge of local conditions and customs. The Company relies heavily on the experience, commitment and integrity of its local agents and partners to represent the Company in a businesslike and ethical manner, target potential customers, understand their individual requirements, present proposals and provide after-sales support. While care is taken in the agent/partner selection process, things can change, and it is not possible for the Company's management in Canada to stay fully abreast of the daily actions of its agents and partners abroad. Frequent contact and updates are essential and helpful but complete control is just not possible.

With any sale, but especially in the developing and emerging market areas, the Company makes every effort to structure and document the agreement of the parties in such a way as to protect the interests of the Company and to ensure that the transaction is profitable. However, legal systems and cultures vary widely around the World and the enforcement of legal obligations where there is a problem such as payment can be expensive, time consuming and often unsuccessful. In addition, local political influence can be a factor, as can change of local government. The Company could be barred from operating in a jurisdiction, or payments due to the Company could be frozen or prohibited. From a cultural standpoint, in many parts of the developing and emerging world, (and, to a lesser extent, in parts of the First World as well) bribery is an accepted and normal practice. The Company has a strict written Bribery Policy, which is provided to all directors, officers, employees, consultants and agents. Still, fines and penalties could be imposed on the Company if there is a policy breach by one of the Company's agents or partners.

In addition, the airline business itself has inherent risks, and newer airlines are generally more susceptible to many of these risks. The Company's revenue comes from both hardware sales and ongoing monthly service fees. In the event that a customer ceases or restricts operations, the Company's revenues can be impacted.

The Board of Directors of the Company has determined, that despite the demonstrable risks of operating in developing and emerging markets, careful planning, deal structure, the use of Export Development Corporation assistance where possible and the employment of experienced and careful agents and partners, can mitigate the risks to the Company' business operations.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus.

These measures caused material disruption to businesses globally resulting in an economic slowdown. However, as measures to contain the pandemic became effective, the airline industry began to return to pre-pandemic status, there are still significant challenges facing airlines, including staffing, route suspensions and the prospect of additional COVID-19 variants to be addressed.

The Company continues to market its STAR-A.D.S.® System products and has not slowed down its sales strategy due to the lingering effects of COVID-19, although initially travel was restricted. The Company is enhancing its sales strategy, hoping to leverage the fact that all new aircraft manufactured after January 2023 have been mandated to have a flight tracking system (Global Aeronautical Distress & Safety System ("GADSS")) installed on its aircraft. Pre-2023 aircraft operators are being encouraged to follow suit but are not currently being mandated due to the losses suffered from COVID-19.

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 and financing initiatives and whether such initiatives will yield the expected benefits.

In addition, the ability of the STAR-A.D.S.®, STAR-V-TRK 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.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, or future events or otherwise, except as may be required by law.

Readers are cautioned that forward-looking statements are not guarantees of future performance.

Further information relating to Star is available on SEDAR at www.sedar.com.

EVOLUTION OF THE BUSINESS

Star Navigation Systems Group Ltd. commenced its operations in May 2000 and is listed on the Canadian Securities Exchange (the "CSE") under the symbol "SNA".

Star Navigation Systems Group Ltd. is a Canadian publicly owned technology company. It focuses on providing aerospace and transportation data services solutions along with hardware and software platforms that assist aviation and other transport related operators worldwide. Headquartered in Brampton, Ontario, Star has developed the In-Flight Safety Monitoring System ("STAR-ISMS®"), an aircraft computer that is at the heart of the Star Airborne Data System ("STAR-A.D.S.®"). The Star system 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 usage and maintenance costs, reduction of carbon footprint, and provides the opportunity for enhanced return on investment for airlines.

The STAR-A.D.S.® G3 computer has been certified for airworthiness (Supplemental Type Certificate ("STC")) on aircraft type A310 by Transport Canada ("TC") and the U.S. Federal Aviation Authority ("FAA"). The Company received its full operational STC for aircraft type A320 in September 2021. The third generation ("G3") computer combines, in one unit, several updated air-to-ground communications means. In particular, the G3 unit adds the ability to switch from satellite communications to Global System for Mobiles ("GSM") communications, providing maximum flexibility and cost-effectiveness to the users.

The Star Man, Machine, Interface ("STAR-M.M.I.™") Division was created in April 2014. The Division repairs high performance flat panel displays for defence and commercial aviation industries and has been an important revenue generator within Star. STAR-M.M.I.™ serves major avionics integrators and system manufacturers worldwide.

The STAR-V-TRK system is Star's small-scale tracking and monitoring system that can be installed on smaller vehicles such as boats, marine, trains, trucks, etc.

OVERVIEW OF PRODUCTS AND PROGRAMS

STAR-A.D.S.®

The STAR-ISMS® technology is the heart of the STAR-A.D.S.® System. The System provides airlines/operators with a cost effective, end to end solution, allowing the automated capture and delivery of the results of real-time, in-flight analysis of an agreed set of parameters. This offers the capability of real-time monitoring of the aircrafts' performance, its status and location, and provides instant and secure access to essential aircraft information from a PC based web connection. The STAR-A.D.S.® System delivers high value, streamlined operational information with minimum impact to the airline's internal processes and procedures. It uses a Graphical User Interface ("GUI") providing the operator with fast, convenient visibility of information from any location, within minutes of the data being generated on an aircraft data bus, in flight, anywhere in the world.

OVERVIEW OF PRODUCTS AND PROGRAMS (Cont'd)

The STAR-A.D.S.® System is currently certified by TC and the U.S. FAA. The system can be installed on any aircraft irrespective of aircraft type for which the Company has both an installation and operational STC.

The Company is currently focussing on sales processes and marketing initiatives enhancing the product brand awareness and global coverage for selling as all commercial passenger aircraft will soon require this type of technology.

With the mandatory requirement of all Aircraft manufacturers to put this type of system on brand new aircraft being built after January 2023, the STAR-A.D.S.® System is well positioned to provide an excellent solution to Aircraft Manufacturers in the years ahead.

STAR-M.M.I.™

The STAR-M.M.I.™ Division, repairs, performs qualification tests on, and supports on-board LCD flat screen displays. These high-performance LCD displays and control panels from 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 offer customer support. Its products have already been delivered to various major system avionics integrators worldwide, all of them appearing in the Fortune 500 listing.

A key client for this program is U.S. Defence Contractor Lockheed Martin, whose customer is the United States Department of Defence. Star has an extended contract with Lockheed Martin that runs up until 2026 for all the repairs and maintenance required to service those units. Expenses are incurred at the time a repair is received for this program and the Company subsequently invoices the customer.

The contract is in good standing with the customer and the Company continues servicing the contract for repair and maintenance on the customer equipment. The Company's obligations are to repair the units as needed and it has all the resources in house such as the qualified technicians and quality control personnel to be in full compliance/obligation with the agreement.

STAR – TTT™ (Talk, Text & Track)

Our partner on this project was Chengdu Aerospace in China. Given the current state of relations between Canada and China, and the fact that the product requires financial resources to get certified before it can go on board an aircraft, the project has been put on hold by the Company at this time.

STAR – V – TRK™

The development of the STAR-V-TRK project has been started again with the receipt of the Letter of Intent from the Kenyan Government for the LAPSSET Program which requires tracking, monitoring and analytics of their land and marine fleet.

STAR – V – TRK™ (Cont'd)

The product requires certification to be installed on any aircraft but will not require any certifications for land based and marine based units. Variants of the STAR-V-TRK can be installed on marine vessels, trucks and trains.

SALES & MARKETING STRATEGY

The Company has revamped its Sales & Marketing strategy. Since signing an Integrated Sales, Marketing and Training agreement with FlightPath International ("FPI") in March 2022, Star and FlightPath have been working very closely together to develop strategies for sales and marketing for the purposes of enhancing global brand awareness, collaboratively leading sales initiatives as well as training future customers on leveraging maximum business insights from the Star A.D.S ® products and data services.

In the last twelve months, Star and FPI have held joint Aviation Accident Preventions Conference in Nairobi, Kenya, which resulted in a sale with Astral Aviation and LOI with other airlines in Kenya. The conference gave Star excellent media exposure, product marketing and brand awareness in Kenya. The conferences gave Star direct access to potential customers and decision makers. Star is also following this strategy for a second conference in Kenya, followed by conferences in Nigeria, Ghana, Rwanda and Tanzania.

The Company also attended trade shows such as the Dubai Air Show in November 2021 and the Singapore Air Show in February 2022 and the India – Wings 2022 Air Show and will continue to increase its market awareness and connect with potential customers.

Star has recently enhanced its product offerings by developing products to meet the tracking, monitoring and analysis requirements for land and marine vehicles. Star has pivoted towards a software-as-a-solution (SAAS) service offering which has further enhanced its competitiveness in the market and generated interest from a number of operators. Star will continue to develop innovative data analytics offerings which will provide further value to Star's customers and open the market further to secure sales in the African, South American, Asian and Middle Eastern markets.

Star will continue to grow its corporate and market awareness campaigns with its Investor Relation firms Stockhouse and Agoracom.

OPERATIONAL UPDATES

During the last fiscal year ending June 30, 2022, the Company achieved the following growth objectives as a result of the implementation of its new sales and marketing strategy. Below is a summary of some of those accomplishments the Company achieved:

- In November 2021, the Company attended and exhibited at the Dubai Air Show. Over the course of the show, Star held numerous meetings with airlines, Maintenance Repair Organizations (“MRO”) and aircraft original equipment manufacturers (“OEM”). Several of these contacts are now in further discussion to advance the possible sale of Star products.

- In December 2021, Star signed a Memorandum of Understanding (“MOU’) with WheelTug plc, an innovative electric taxi company. The MOU will see the companies cooperate on the collection and analysis of data gathered by Star’s on-board technology and *WheelTug* Vision, the camera array that complements the main WheelTug e-taxi system.

- In January 2022, the Company signed a Partnership agreement with FlightPath International SA Ltd. (“FPI”). This partnership enables FPI to train Worldwide Airlines & Operators including Pilots, Engineers, Flight Operations Officers on Star’s Flight Sciences Services and Technologies. These services and technologies range from helping Airlines implement the mandatory International Civil Aviation Organization’s (“ICAO”) Global Aeronautical Distress Safety System program (“GADSS”) coming in January 2023, to Autonomous Aircraft Tracking, Flight Operations Performance and Predictive Maintenance Protocols.

- In February 2022, the Company was successfully recertified under the AS9100 Rev “D” Quality Systems Surveillance Audit. AS9100 is the International Quality Management System standard for the Aviation, Space and Defense (“AS&D”) industry, created by the IAQG, and AS9100 Rev D (2020) is the most recent version.

- In February 2022 Star participated as an exhibitor at the Singapore Air Show (“SAS”). The Company hopes to leverage participation at the airshow to meet industry leaders from various companies in the Asia Pacific region and explore more business opportunities. The SAS had over 350 aerospace exhibitors from around the world showcasing their products.

- In February 2022 the Company announced the launch of a 12-month online marketing campaign through AGORA Internet Relations Corp. (“AGORACOM”) for the purposes of creating and enhancing the brand awareness of Star products for those that would be specifically interested in the Company’s business model. As well, this agreement will provide the Company with the ability to engage all shareholders on AGORACOM’s moderated and verified platform.

OPERATIONAL UPDATES (Cont'd)

- In March 2022 the Company attended and exhibited at the Wings India 2022 Airshow. The show was hosted by India's Ministry of Civil Aviation, the Airport Authority of India and the Federation of Indian Chamber of Commerce and Industry ("FICCI"). The Wings India 2022 airshow aimed to bring the key stakeholders of the Global Aviation market, State Governments, International regulators, and business associations together as a group and Star met with several Commercial and Military organizations.

- In March 2022 the Company held an Aviation Accidents Prevention Conference jointly with FPI in Nairobi, Kenya. The Company is looking to further showcase its STAR-A.D.S.® products, along with FPI's training systems, to unlock more opportunities and broaden the aviation industry's knowledge about both Star and FPI in the East and West African Region. Airlines from Ghana and Tanzania also participated in the Conference. The Conference welcomed over 25 different airlines and MRO's from the East and West African Regions.

- In April 2022, Star received a purchase order for its Star A.D.S ® system from Swiss Aviation Group AG ("SAG"). The purchase order consists of nine (9) Star A.D.S ® units, to be delivered to four different airlines. The estimated value of the purchase order is $2.9 million over five years. The purchase order is conditional on two factors: successful aircraft lease financing and regulatory approval from local Civil Aviation Authorities regarding the Supplemental Type Certificates needed for each aircraft.

- In April 2022, the Company signed of a Letter of Intent ("LOI") with Pinnacle Air Pvt. Ltd ("Pinnacle") of India to purchase five (5) units of the Star A.D.S ® system for five (5) of its charter jets. Pinnacle was founded in 2004, is an Indian charter airline based in Delhi that operates passenger charters to destinations across the country, specializing in business class charter flights.

- In April 2022, the Company announced the signing of a Sales Agreement with Astral Aviation of Kenya ("Astral") to purchase seven (7) units of the Star A.D.S ® system for its Cargo fleet, with an option for a further three (3) aircraft within the next 12 months. The total value of the contract is USD1.2M over the 5-year term for the 7 aircraft. Astral is a licensed cargo airline that has been flying in Africa for 22 years and provides reliable and cost-effective air-freight solutions using a combination of scheduled and charter flights along with leasing services within its Intra-African, Middle East, Asian and European Network.

- Star also successfully renewed its Transport Canada (TC) CAR561 Certification on September 13, 2022, and more information can be found in the subsequent events section.

STRATEGIC SALES ACCOMPLISHMENTS AND UPDATES FOR FY2023

- In August 2022, the Company announced the signing of Letters of Intent ("LOI") with Safe Air Company ("Safe Air") and Brent Global ("Brent"), Kenya to purchase seven (7) units of the Star A.D.S ® system for their aircraft.

  Safe Air is a leading cargo airline based in Nairobi, Kenya where it provides commercial air transport business to commercial clients in Africa, Europe, Asia and the Middle East. In addition, it is also entrusted to deliver humanitarian assistance to remote locations in the East, Central and South of Africa. Safe Air operates three (3) B727 freighters and also provides passenger flight services between Dubai, Djibouti, Cairo, Mogadishu, Hargeisa, Nairobi and Mombasa

  Brent Global is a specialist aviation service provider offering private charter, VIP charter, private jet services and cargo logistics management. In doing so, Brent operates a Gulfstream Business Jet and a King Air 90. The Brent Cargo Division specialises in transport to, from and within Africa via a fleet that includes various aircraft for small-size cargo, up to the Boeing 737-400

- On October 11, 2022, Star announced the receipt of a Letter of Intent ("LOI") from the LAPSSET Corridor Development Authority ("LCDA") respecting the purchase of Star Navigation's tracking and monitoring technology to track Marine, Train and Land assets for the LAPSSET Corridor Program.

  The LOI represents a significant milestone in the development of the relationship between Star and LCDA. It represents a major step forward from the initial Letter of Expression (LOE) that was sent to Star by the LCDA on June 6, 2022. Since then, discussions had been ongoing with respect to further modernization and operational improvements to provide seamless connectivity, enhanced trade and logistics to the LAPSSET program.

  The Lamu Port - South Sudan – Ethiopia - Transport ("LAPSSET") Corridor project is Eastern Africa's largest and most ambitious infrastructure project, bringing together the Governments of Kenya, Ethiopia and South Sudan via development of airports, highways, oil pipelines, railways lines, dams, ports and resort cities. On April 1, 2013, Kenya's government announced the setting up of a government agency, the LAPSSET Corridor Development Authority, to manage the project on behalf of the Kenyan government.

- In November 2022, Star signed a Letter of Intent ("LOI") with Renegade Air ("Renegade") in Kenya to purchase nine (9) units of the Star A.D.S ® system. Renegade Air was founded in 2012 and is headquartered in Nairobi. It now serves the aviation market safely flying to Wajir Airport and Kisumu International Airport using Bombardier manufactured aircraft along these routes. Apart from regularly scheduled passenger services, they also offer private charters, ACMI Leasing, Evacuation and Relief services. They operate a fleet of DASH 8 Q300, DASH 8 Q200, Cessna Caravans, Fokker 50 & Fokker 70 aircraft.

STRATEGIC OBJECTIVE ACCOMPLISHMENTS AND UPDATES FOR FY2023 (Cont'd)

- On Nov 17th, 2022, Star in Partnership with the Aviation Investigation Bureau ("AIB") of Ghana, together hosted the 1st Annual West African Aviation Accident Prevention and Airline Performance Optimization Conference.

  Over 70 people were in attendance at the Conference, including high ranking Government Officials such as the Director General of the Ghana Civil Aviation Authority ("GCAA"), the Commissioner of the Accident Investigation Board ("AIB") of Ghana, Officers of the Ghana Air Force, Navy and Ghana Police Department. Also in attendance were members of the Canadian Embassy, Executives of the Ghana Oil & Gas Industry and South Africa's Chemicals Shipping Industry.

  The primary focus of AIB is for the prevention of aircraft accidental incidents in Ghana with a motto of "Improving Aviation Safety". The introduction of the Star technology helps Ghana to modernize and leverage data analysis technology to move away from a reactive methodology towards Proactive Monitoring and Investigation.

  The scope of the presentation by Star/FPI covered the following topics;

- Aircraft Data Sciences Analytics and Artificial Intelligence
- Real-Time Aircraft and Cockpit Health Monitoring - from Power ON to Power OFF
- Real-Time Satcom Alerts and Exceedance transmission from the "Digital Flight Data Recorder" (DFDR) or "Blackbox" to meet the Global Airborne Distress Safety Systems ("GADSS") International Civil Aviation Organization ("ICAO") requirements
- Recognition of Aircraft System Status with early Safety Preventive Actions
- Integration of Systems from Basic Aircraft to Airline Operations

- On December 5th, 2022, the Company signed a Letter of Intent ("LOI") with Aero Contractors Company of Nigeria Limited ("Aero") to purchase Ten (10) units of the STAR-ISMS®. (In-Flight Safety Monitoring System), with Options for the remainder of their fleet.
  Aero is a state-controlled Nigerian airline company based at Murtala Muhammed Domestic Airport in Ikeja, Lagos State, Nigeria. They are one of West Africa's oldest and well-respected Aviation Companies. They operate scheduled commercial and helicopter services. They provide services in the rotary wing (helicopter) offshore oil and gas sector as well as the fixed wing scheduled and charter passenger services.

  Aero Maintenance Repair Overhaul ("Aero MRO") is positioned to deliver the best customer service, with the best global practice to become a technical partner of choice. They are focused on bringing customers world class aviation services with the best fares, quality on-board services and customer relations with effective online services and operational competence.

STRATEGIC OBJECTIVE ACCOMPLISHMENTS AND UPDATES FOR FY2023 (Cont'd)

Aero offers the following services;

- **Rotary Wing Helicopter** fleet include the AS365 Dauphin and Agusta AW 139 and provides services for:
  - Oil & Gas, Aviation and Logistic Support Services
  - Emergency Medical Evacuation Services (EMES)
  - VIP & Personnel Movement – Civilian helicopter charter services
  - Third Party Helicopter Maintenance, Operation and Management Services
- **Fixed Wing Aircrafts** include a fleet of B-737 - 300/400/500 series and the DASH 8 – 300/400 series which provide regular scheduled flight operations
- **Maintenance Repair and Overhaul (MRO)**
- **Aviation Training Organisation (ATO) – Aero Training school**

- On December 6th, 2022, Star secured its AS9100 Rev "D" Quality Systems certification after a successful renewal Audit. The renewal of its AS9100 certification reaffirms its commitment to the rigorous standards of the aerospace industry and ensures that Star products are manufactured and installed at the highest quality levels.

  Meeting the AS9100 Rev "D" standards does more than simply assure customers that the company's products are of the highest quality, it ensures its processes and controls are effective. Retaining this certification is evidence that continuous improvement and continually exceeding customer's expectations permeates Star's culture at every level.

- Star participated at the African Aviation MRO show held from Feb 5-8, 2023 in Cairo, Egypt. Major Government and Aviation Industry leaders were present including Boeing, Airbus, Egypt Air, Ethiopian Airlines, United Aviation, Petra Aerospace, Safran and Caverton.

  Star Executive Vice President, Captain Jonathan Kordich was also a key speaker on the panel and spoke about the Star-ISMS® technology and how it will bring major changes to the African Aviation Sector. Egypt Air one of the larger Airline and MRO ("Maintenance Repair Organization") for several other Airlines in the region invited Star to present the ISMS® Technology at their facility in Cairo. Star's relationship has accelerated since then with Egypt Air and further talks are ongoing.

SELECTED FINANCIAL INFORMATION ANALYSIS
General Financial Information update at December 31, 2022

Star continues to build operations to generate sustainable revenues from operations on a consistent basis. The Company is looking at all available financing options. However, it still requires debt and/or equity financing to sustain its operations. There can be no assurance that the Company will be successful in obtaining further financing.

Cash at December 31, 2022 was $181,211 (June 30, 2022 - ($38,224)). The Company completed a private equity placement on October 11, 2022 that raised $2,127,900 and one in FY2022 that closed on January 4, 2022 which raised $2,045,000.

SELECTED FINANCIAL INFORMATION ANALYSIS (Cont'd)
General Financial Information at December 31, 2022 (Cont'd)

Accounts receivable are billed and collected on a regular basis.

		December 31, 2022 (Unaudited)		June 30, 2022 (Audited)
Opening balance	$	**126,966**	$	96,561
Less: Allowance for expected credit losses		**69,070**		69,070
Balance	$	**57,896**	$	27,491

The current aging of the accounts receivables outstanding at December 31, 2022 is $57,896 (June 30, 2022 - $27,491).

	Current	1 - 30	31 - 60	61 - 90	91+	Total
A/R	**$ 2,910**	**$ 2,638**	**$ 2,012**	**$ 3,616**	**$ 46,720**	**$ 57,896**
TOTAL	**$ 2,910**	**$ 2,638**	**$ 2,012**	**$ 3,616**	**$ 46,720**	**$ 57,896**

The Company mitigates non-collection of accounts receivables through its assessment of customers prior to sales being made and managing customers with a hands-on approach after sale to keep on top of any customer concerns or problems that may lead to non-payment. Receivables are only written off after all avenues of reconciliation have been attempted with its customers.

Prepaid expenses have increased due to a retainer paid to a sales agent in October 2022. The Stockhouse contract signed in December 2021 has now expired. The Stockhouse investor relations contract ran until December 2022 and has been renewed as of February 2023.

Capital and Right of Use assets have changed due to minor asset additions and normal depreciation and amortization charges taken in FY2023.

Overall, assets have increased since June 30, 2022 mostly due to increases in cash and prepaids.

Accounts payable and accrued liabilities have increased since June 30, 2022 due to an increase in accrued liabilities.

		December 31, 2022 (Unaudited)		June 30, 2022 (Audited)
Trade payables (a)	$	**131,521**	$	313,456
Accrued liabilities (b)		**1,131,623**		1,002,320
	$	**1,263,144**	$	1,315,776

(a) Trade payables are amounts incurred in the normal everyday operation of the business.

SELECTED FINANCIAL INFORMATION ANALYSIS (Cont'd)
General Financial Information at December 31, 2022 (Cont'd)

(b) Accrued liabilities include amounts for CRA payroll deductions of $595,526 (June 30, 2022 - $429,407) with other accruals making up the balance.

Due to Related parties has increased in the six months since June 30, 2022 due to regular monthly Director fees being accrued.

On February 24, 2021, The Honourable Mr. Justice Cavanagh of The Ontario Superior Court of Justice (Commercial Court) granted an order approving the Proposal put forward by the Company on January 24, 2020 and as approved by the creditors on February 14, 2020. The proposal provides for $90,000 for unsecured creditor claims as at January 24, 2020 and $65,223 for secured creditors claims. The Trustee for the Company paid out the unsecured creditors and secured creditor in October 2022.

As part of the approval there is an amount due the unsecured creditors of $900,000 of common stock of the Company that will be paid out after the Company has its failure to file cease trade order ("FFCTO") has been revoked by the Ontario Securities Commission ("OSC"). The number of common shares to be distributed will be based on a four (4) month weighted average of the share price upon resumption of trading. The shares will be issued subsequent to the date of this report.

The Company received a total of $120,000 in the form of the Canadian Emergency Business account ("CEBA") loans from the Government of Canada in February 2021. These loans are interest free loans with no principal payments until December 31, 2023. If the Company repays $80,000 of the total loan prior to December 31, 2023 then the balance of $40,000 will be forgiven. If the balance is not paid by December 31, 2023 then the balance of the loan is converted to a three (3) year term loan with interest at 5% starting on January 1, 2024. The balance of the loan must be paid no later than December 31, 2026.

On November 24, 2021, the Company received from the Ontario Securities Commission the revocation order regarding the Failure-to-File Cease Trade Order that was issued on November 1, 2019. The Company is subsequently resumed trading on the Canadian Securities Exchange ("CSE").

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with IFRS. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

(Expressed in $)

	2022	2022	2022	2022
Period Ending	**December 31**	**September 30**	**June 30**	**March 31**
Revenue	7,560	8,038	7,069	5,597
Working Capital/(Deficit)	(1,769,772)	(3,403,931)	(2,493,156)	(1,358,879)
Expenses	956,565	923,954	1,051,935	1,488,094
Net Loss from Operations	(949,004)	(915,917)	(1,044,866)	(1,482,497)
Net Loss (per Share)	(0.001)	(0.001)	(0.006)	(0.005)

	2021	2021	2021	2021
Period Ending	**December 31**	**September 30**	**June 30**	**March 31**
Revenue	5,106	7,360	5,894	6,378
Working Capital/(Deficit)	(4,712,726)	(3,759,523)	(3,199,814)	(1,197,811)
Expenses	1,339,841	585,326	2,011,543	(2,261,523)
Net Income (Loss) from Operations	(1,334,734)	(577,966)	(2,005,649)	2,267,902
Net Income (Loss) (per Share)	(0.003)	(0.001)	(0.003)	0.004

REVENUES:

The last 8 quarters revenues have remained consistent from quarter to quarter. The revenues have come from one customer.

The STAR-M.M.I.™ division has suffered from inconsistencies in sales and this is evidenced by the gap of two years between orders received from its main customer. The Company has previously gone significant periods without receiving an MMI order. This gap in orders received causes decreased budgeting accuracy and inventory deficiencies for the Company.

The Company is part of a program that serves the U.S Department of Defense (“DoD”) in repairing cockpit displays and only receives repair orders when the DoD determines that maintenance is required. The Company is relegated to waiting for future repairs.

EXPENSES:

The Company has been consistent in what it is spending over these eight quarters with fluctuations in spending costs coming with year-end adjustments and cash flow issues.

The Company has not been able to report a Net profit from Operations at any time in its history with the exception of March 2021 when due to the Company emerging from the NOI process, it able to record Net Income after other items because of the NOI process.

RESULTS OF OPERATIONS

Comparison of the three month periods ended December 31, 2022 and 2021

The Company had a net loss of $949,004 for the three month period ended December 31, 2022 vs. a loss of $1,334,734 for the three month period ended December 31, 2021. The major contributing factor in the decreased loss is the stock-based compensation of $362,500 that was booked in 2021 and increase in general and admin expenses.

Revenues:

		December 31,	
	2022	2021	Variance
Total Revenues	**7,560**	5,106	**2,454**
Star-A.D.S.®	**7,560**	5,106	**2,454**
Star-MMI	**-**	-	**-**

STAR-A.D.S.® revenues in the three months ended December 31, 2022 were up slightly and consisted of only airtime revenues. STAR-A.D.S.® revenues are dependent on an airlines' flying hours and these are not consistent on a month to month basis. There were no STAR-A.D.S.® hardware revenues generated in either 2022 nor 2021.

There have been no STAR-M.M.I.™ revenues for the past two years. This program has not yielded the results the Company had hoped for due to stoppages in the program that are beyond the control of the Company. The Data Entry Panels ("DEP") for the MMI program that are repaired are not received on a regular basis.

They come to the Company as its customer gets them for repair from the end-user. The Company has no indication from its customer as to when these may occur. There has been very little to no consistency for these repairs.

The Company continues to try and get its STAR-A.D.S.® System recognized globally by the Airline industry. This is a work in progress at this point in time and inhibits the Company from increasing its sales revenues. The Company has shifted is sales focus to the countries of Africa and along with its partnership with Flightpath is working diligently to gain orders from those airlines. However, until the Company can get several more customers on board and use them as leverage to gain access to other airlines then sales will remain flat.

Cost of Inventory Consumed:

		December 31,	
	2022	2021	Variance
Cost of Inventory Consumed	**3,703**	(8,347)	**12,050**
Star ISMS	**3,703**	(8,347)	**12,050**
Star MMI		-	**-**

Cost of inventory consumed for the three months ended December 31, 2022 is down over 2021.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the three month periods ended December 31, 2022 and 2021 (Cont'd)

Airtime costs which the Company incurs each month increase/(decrease) depending on how much flight time the customer consumes. These costs were relatively the same from year to year.

General and Administrative:

	December 31,		
	2022	**2021**	**Variance**
Total G&A expenses	**387,494**	506,598	**(119,105)**
Accounting fees	**30,000**	40,000	**(10,000)**
Amortization-Right of use assets	**26,517**	25,659	**858**
Board and Committee fees	**54,000**	277,000	**(223,000)**
Filing fees	**18,954**	19,322	**(368)**
Insurance	**21,490**	10,543	**10,948**
Office and general	**44,615**	22,827	**21,788**
Professional fees	**5,757**	20,831	**(15,074)**
Wages	**186,159**	90,416	**95,743**

Board and Committee fees are down this year as Board members were paid bonuses in 2021. The Company now has 7 Directors on its Board as the Company held its Annual General Meeting in January 2023.

Filing fees are down slightly this period. Its monthly regulatory fees have remained the same.

Insurance costs have increased in this period due to changes in coverages for both liability and commercial coverages.

Rent expense has remained neutral as it is offset by the change that resulted from the implementation of IFRS 16. The offset to this is an increase in the amortization on the right of use asset that was setup and is amortized over the life of the lease which is 10 years and a reduction in rent expense.

Professional fees are down in FY2023 as much of the legal costs of FY2022 were from the litigation the Company was involved in pertaining to former employee wage claims and when it was in the Notice of Intent to file for Bankruptcy stage.

Office and general expenses are up in 2022 over 2021 as the Company has engaged an IT Specialist to bulk up its computer security.

Wage expense has increased over 2021 due to increased staff.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the three month periods ended December 31, 2022 and 2021 (Cont'd)

Marketing and Promotion

	2022	December 31, 2021	Variance
Total M&P expenses	**297,780**	135,825	**161,956**
Consultant costs	**115,000**	6,461	**108,540**
Investor relations	**42,000**	2,000	**40,000**
Advertising	**7,833**	32,243	**(24,410)**
Salaries and benefits	**30,444**	46,897	**(16,453)**
Travel costs	**102,504**	48,224	**54,280**

Marketing and promotion costs have increased by $161,956 over 2021 due to increases in travel and consultants' costs.

Consultant costs are up due to the costs associated with the sales contract of FlightPath International.

Investor relations fees in 2022 have increased over 2021. The Company is running off a one-year contract with Stockhouse which started in January 2022 at a cost of $120,000 per year.

Advertising costs are down as the advertising contract it signed in 2021 is completed. This step is part of the Company's new Sales strategy and development that was undertaken at the beginning of 2021.

Travel costs have increased because the Company has now actively been expanding its footprint into the African Aviation market.

Salaries and benefits decreased in this period due to staff reductions.

Product Maintenance & Operating costs:

	2022	December 31, 2021	Variance
Total Maintenance expenses	**239,785**	210,974	**28,811**
Amortization expense	**5,130**	4,458	**672**
Maintenance costs	**8,789**	24,609	**(15,820)**
Travel costs	**13,364**	-	**13,364**
Wages	**212,501**	181,906	**30,595**

Maintenance costs have increased slightly over FY2021. For the three month period of December 2022 total Maintenance costs relate only to the STAR-A.D.S.®.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the three month periods ended December 31, 2022 and 2021 (Cont'd)

This is the only program that the Company is actively working on at this time. For 2021 the STAR-A.D.S.® program accounted for all of the expenditures. There were no LSAMM and ISAMM costs in the period ended December 31, 2022.

Wages have increased this period as the Company has increased wages.

Comparison of the six month periods ended December 31, 2022 and 2021

The Company had a net loss of $1,864,921 for the six month period ended December 31, 2022 vs. a loss of $1,912,700 for the six month period ended December 31, 2021. The contributing factor in the increased loss is the increase in marketing and sales expense.

Revenues:

		December 31,	
	2022	**2021**	**Variance**
Total Revenues	**15,598**	**12,467**	**3,131**
Star-A.D.S.®	**15,598**	**12,467**	**3,131**
Star-MMI	**-**	**-**	**-**

STAR-A.D.S.® revenues have increased slightly in the six months ended December 31, 2022 and only consisted of airtime revenues. STAR-A.D.S.® revenues are dependent on an airlines' flying hours for each aircraft and these are not consistent. There were no STAR-A.D.S.® hardware sales generated in 2022 nor 2021.

There have been no STAR-M.M.I.™ revenues since December 2020. The program has not yielded the results the Company had hoped for in recent years due to stoppages in the program that are beyond the control of the Company. The Data Entry Panels ("DEP") for the MMI program that are repaired are not received on a regular basis.

They come to the Company as its customer gets them for repair from the end-user. The Company has no indication from its customer as to when these may occur. There has been very little to no consistency for these repairs.

The Company continues to try and get its STAR-A.D.S.® System recognized globally by the Airline industry. This is a continual work in progress at this point in time and prevents the Company from increasing its sales revenues. The Company has shifted is sales focus to the countries of Africa. With its partnership with Flightpath International who has extensive aviation sales experience, Star is working diligently to gain orders from those airlines. However, until the Company can get several more customers on board and use them as leverage to gain access to other airlines then sales will remain flat.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the six month periods ended December 31, 2022 and 2021 (Cont'd)

Cost of Inventory Consumed:

	December 31, 2022	2021	Variance
Cost of Inventory Consumed	**8,930**	**(866)**	**9,796**
Star ISMS	**7,834**	**(866)**	**8,700**
Star MMI	**1,096**	**-**	**1,096**

Cost of inventory consumed for the six months ended December 31, 2022 is up over 2021 as the Company had received a credit on its airtime in 2021 due to over-billing. Airtime costs which the Company incurs each month increase/(decrease) depending on how much flight time the customer consumes. These costs were relatively the same from year to year.

General and Administrative:

	December 31, 2022	2021	Variance
Total G&A expenses	**635,797**	716,085	**(80,288)**
Accounting fees	**60,000**	62,500	**(2,500)**
Amortization-Right of use assets	**53,034**	51,318	**1,716**
Board and Committee fees	**108,000**	316,000	**(208,000)**
Filing fees	**24,732**	34,941	**(10,209)**
Insurance	**32,797**	26,141	**6,656**
Office and general	**83,735**	48,825	**34,910**
Professional fees	**8,575**	34,831	**(26,257)**
Wages	**264,924**	141,529	**23,395**

Board and Committee fees are down this year as Board members were paid bonuses in 2021. The Company now has 7 Directors on its Board as the Company held its Annual General Meeting in January 2023.

Filing fees are down this year due to the costs associated with the reinstatement of the Company trading on the CSE recorded in the prior fiscal year. Its monthly regulatory fees have remained the same.

Insurance costs have increased as Commercial and Liability rates have increased. The Company does not currently have any Directors and Officers insurance for FY2023.

Rent expense has remained neutral as it is offset by the change that resulted from the implementation of IFRS 16. The offset to this is an increase in the amortization on the right of use asset that was setup and is amortized over the life of the lease which is 10 years and a reduction in rent expense.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the six month periods ended December 31, 2022 and 2021 (Cont'd)

Professional fees are down in FY2023 as much of the legal costs of FY2022 were from the litigation the Company was involved in pertaining to former employee wage claims and when it was in the Notice of Intent to file for Bankruptcy stage.

Office and general expenses are up in 2022 as in 2021.

Wage expense has increased in 2021 as the Company has returned salaries to the pre-COVID-19 levels and hired new staff.

Marketing and Promotion

		December 31,	
	2022	**2021**	**Variance**
Total M&P expenses	**768,180**	**279,409**	**488,771**
Consultant costs	**460,000**	**115,785**	**344,215**
Investor relations	**72,000**	**2,000**	**70,000**
Advertising	**29,093**	**38,556**	**(9,463)**
Salaries and benefits	**62,743**	**74,789**	**(12,046)**
Travel costs	**144,344**	**48,279**	**96,065**

Marketing and promotion costs have increased by $488,771 over 2021 due to increases in all areas.

Consultant costs are up due to the costs associated with the sales contract of FlightPath International.

Investor relations fees in 2022 have increased over 2021. The Company had a one-year contract with Stockhouse which started in January 2022 at a cost of $120,000 per year. The contract finished in December 2022 and has been renewed as of February 2023.

Advertising costs are down slightly in 2022. The Company has now actively engaged in advertising in an Aerospace magazines. This step is part of the Company's new Sales strategy and development that was undertaken at the beginning of 2021.

Travel costs have increased because the Company has now begun expanding its footprint into the African Aviation market.

Salaries and benefits are down this period over 2022.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the six month periods ended December 31, 2022 and 2021 (Cont'd)

Product Maintenance & Operating costs:

		December 31,	
	2022	**2021**	**Variance**
Total Maintenance expenses	**416,027**	**408,837**	**7,190**
Amortization expense	**7,948**	**8,917**	**(969)**
Maintenance costs	**11,153**	**32,116**	**(20,962)**
Travel costs	**15,064**	**928**	**14,136**
Wages	**381,862**	**366,877**	**14,986**

Maintenance costs have increased slightly over FY2021. For the six month period of December 2022 total Maintenance costs relate only to the STAR-A.D.S.®. This is the only program that the Company is actively working on at this time. For 2021 the STAR-A.D.S.® program accounted for all of the expenditures. There were no LSAMM and ISAMM costs in the period ended December 31, 2022.

Wage costs have increased this period as the Company.

FOREIGN EXCHANGE GAIN/LOSS:

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate. Non-monetary assets and liabilities as well as revenue and expense transactions denominated in foreign currencies are translated at the rate prevailing at the time of the transaction. Translation gain or loss adjustments are recognized in the year in which they occur.

The Company is exposed to fluctuations in the value of the following financial instruments which are denominated in US dollars:

		December 31, 2022 (Unaudited)		June 30, 2022 (Audited)
Cash	**$**	**198**	$	280
Accounts receivable		**50,335**		27,491
Accounts payable		**(14,934)**		(3,684)
	$	**35,599**	$	24,087

Based on the Company's net exposure to US dollar denominated instruments at December 31, 2022 and June 30, 2022, a sensitivity analysis has not been presented as it would be immaterial.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of $181,622 at December 31, 2022 vs. ($38,244) at June 30, 2022. The Company has a working capital deficiency of $1,769,722 at December 31, 2022 compared to a working capital deficiency of $2,493,156 at June 30, 2022.

The Company continues to fund operations through private equity placements and shares for debt transactions. On October 11, 2022, the Company closed a non-brokered private placement of 101,328,571 units in the capital of the Company ("Units") at a purchase price of $0.021 per Unit for total gross proceeds of $2,127,900. Each Unit consists of one common share in the capital of the Company and one warrant. Each of the warrants acquired entitles the holder to purchase one (1) additional common share of the Company at five ($0.05) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue.

On November 1, 2022, the Company completed a Shares for Debt transaction of 33,925,000 units in the capital of the Company ("Units") at a purchase price of $0.025 per Unit for total gross proceeds of $678,500. Each Unit consists of one common share in the capital of the Company and one warrant. Each of the warrants acquired entitles the holder to purchase one (1) additional common share of the Company at five ($0.05) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue.

In FY 2022 the Company completed both a private placement and a shares for debt conversion. It converted $3,199,039 of outstanding debt into 130,043,723 units (the "Debt Conversion Units"). Each Debt Conversion Unit was issued at two and a half ($0.025) per Debt Conversion Unit and consists of one (1) common share of the Company and one (1) warrant. Each of the warrants acquired entitles the holder to purchase one (1) additional common share of the Company at five ($0.05) cents per warrant exercised. The warrants are exercisable during the five (5) year from the date of issue.

Also on January 4, 2022, the Company closed a private placement of 68,166,667 units in the capital of the Company ("Units") at a purchase price of $0.003 per Unit for gross proceeds of $2,045,000. Each Unit consists of one common share in the capital of the Company and one warrant. Each of the warrants acquired entitles the holder to purchase one (1) additional common share of the Company at five ($0.05) cents per warrant exercised. The warrants are exercisable during the five (5) year from the date of issue. The Company has agreed to pay finder's fees in the amount of Twelve (12%) percent of the gross proceeds in Units.

For the period ending December 31, 2022, cash flow used by operating activities was ($1,967,366) as compared to ($888,341) at December 31, 2021. The increase is due to no stock-based compensation in 2022 and changes in non-cash working capital accounts.

The Company's inability to generate consistent sales revenues has meant that is always has to be looking for other options to sustain operations. The Company depends on the support of its shareholders for financing. Revenues from STAR-M.M.I.™ and STAR-A.D.S.® are sporadic throughout the year and not enough to cover monthly expenses which leads to constant working capital deficiencies.

LIQUIDITY AND CAPITAL RESOURCES (Cont'd)

This does not allow the Company to plan any long-range projects such as inventory fulfillment which would alleviate last minute rush purchases which generally cost the Company more money.

The Company will continue to need more funding throughout the rest of 2023. Star has several potential STAR-A.D.S.® LOI's waiting to be converted to sales and is waiting to see how it may capitalize on the Letter of Intent from the LAPSSET Corridor Development Authority ("LCDA") respecting the purchase of Star Navigation's tracking and monitoring technology to track Marine, Train and Land assets for the LAPSSET Corridor Program.

In the absence of the above the Company will have to return to raising money either through private placements, exercise of warrants and options or other financing options to sustain operations until revenues from the STAR-M.M.I.™, STAR-A.D.S.®, programs generate adequate cash flows. There is no assurance that future funding will be available on favorable terms to the Company, or at all.

The Company is subject to the risks generally associated with high-technology companies, which include fluctuations in operating expenses and revenues.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2022 the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

OUTSTANDING SHARE DATA

Series I First Preferred Shares	615,000
Common Shares	964,619,793
Share Purchase Warrants	499,058,028 (exercise price of $0.05)
Stock Options	16,900,000 (exercise prices ranging from $0.05 to $0.10 with expiry dates up to January 4, 2027).

ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the determination of the Useful lives and impairment of property and equipment and right-of-use assets and the valuation warrants granted.

The most significant area of judgments are going concern and deferred tax assets.

RELATED PARTY TRANSACTIONS

The Company has accrued amounts due to related parties. The amounts represent monthly compensation accrued with respect to salary compensation for its directors and officers.

The Company's Board of Directors are compensated at the rate of $2,000 per month for performing duties such as providing guidance to management in areas such as corporate governance, reviewing strategic plans, budgeting, material contracts or joint ventures.

Committee Chairpersons are selected from the Directors of the Company to lead the Audit, Compensation/Corporate Governance and Strategic Planning/Human Resources committees. Chairpersons are remunerated at the rates of $1,000 per month.

(a) The amount due to related parties at December 31, 2022 is $373,329 (June 30, 2022 - $763,629) and is comprised of the following:

		December 31, 2022 (Unaudited)		June 30, 2022 (Audited)
Due to Directors – (included in Due to Related parties)	**$**	**93,000**	$	87,000
Due to Directors – (included in Accounts payables and accrued liabilities)		**-**		107,500
Due to Committee Chairpersons – (included in Due to Related parties)		**36,000**		18,000
Due to Former Chief Executive Officer – (Included in Due to Related parties) (i)		**65,224**		65,224
Due to Former Chief Operating Officer – (included in accounts payables and accrued liabilities).		**179,105**		179,105
Due to Shareholders – (included in Loans payable - Note 10)		**-**		306,800
	$	**373,329**	$	763,629

(i) There is a deposit of $50,000 against the secured creditor claim. All unsecured amounts were written down as per the acceptance of the Notice of Intention to Make a Proposal Event on February 24, 2021.

RELATED PARTY TRANSACTIONS (Cont'd)

(b) Compensation to key management personnel, directors and committee chairpersons included in the interim consolidated statement of loss and comprehensive loss was as follows for the period ended December 31, 2022:

		December 31, 2022 (Unaudited)		December 31, 2021 (Unaudited)
Chief Executive Officer	**$**	**112,500**	$	125,000
Chief Financial Officer		**60,000**		62,500
Board of Director fees, credited to Due to related parties		**90,000**		298,000
Director fees, credited to accounts payables & accrued liabilities		**18,000**		18,000
	$	**280,500**	$	503,500

CONTINGENCY

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, vendors and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

REORGANIZATION AND NOTICE OF INTENTION TO MAKE A PROPOSAL EVENT

(a) Bankruptcy

On December 11, 2019, immediately prior to a Special Shareholders Meeting called to remove existing management, the former CEO filed a Notice of Intention to Make Proposal ("NOI") under Section 50.4 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA"), with respect to the Company. A. Farber & Partners Inc. ("Farber") was appointed as Proposal Trustee (the "Proposal Trustee").

On February 14, 2020, at a meeting of creditors, the creditors accepted the Company's formal Proposal to settle outstanding debts.

On February 24, 2021, The Honourable Mr. Justice Cavanagh of The Ontario Superior Court of Justice (Commercial Court) granted an order approving the proposal put forward by the Company on January 24, 2021 and as approved by the creditors on February 14, 2021.

REORGANIZATION AND NOTICE OF INTENTION TO MAKE A PROPOSAL EVENT (Cont'd)

The Proposal Trustee has now at the date of this report paid out any claims but the Company has been informed that that process will begin shortly as per discussion with the Trustee as he has now settled the last outstanding Proof of Claim.

(b) Cease Trade Order

On November 1, 2019, the Ontario Securities Commission ("OSC") issued a cease trade order (the "CTO" or "FFCTO") against the Company for failing to file certain outstanding continuous disclosure documents in a timely manner. (After all necessary filings were made by the Company, the FFCTO was revoked by the OSC on November 24, 2021.)

(c) Gain on Notice of Intention to Make a Proposal Event

The Company estimated early on in this process that they would reduce their total liabilities by $3.3 million as a result of the NOI. The Statement of Loss and Comprehensive Loss shows a gain of $1.939 million. The reasons for the difference are that the Company booked a $900,000 charge against the NOI as a result of an amount due to unsecured creditors. Amounts originally on the creditor listing due to the Canada Revenue Agency remain as liabilities and lastly the amounts on the creditor listing filed with the Trustee were estimates only.

LITIGATIONS

(a) Lawsuits

On or about October 16, 2020, the CNESST (commission on workplace standards, fairness, health and safety) in Quebec, Canada, on behalf of certain employees, instituted a civil action against the Company and one of its subsidiaries, Star-Isoneo Inc. before the Superior Court in Montreal, Quebec. The CNESST is claiming a total amount of $278,145 (2021 – $390,961) against both the Company and Star-Isoneo Inc. The amount consists of unpaid fees of $3,983, unpaid salary of $258,825 (2021 - $306,480) and unpaid vacation pay of $15,427.

In addition to the above amounts and under Article 114 of the Act Respecting Labour Standards, the CNESST is also claiming 20% of the total amount of the claim representing the amount of $65,160, as fees. This is an amount owed directly to the CNESST. The majority of the amounts under the claim above are for periods in 2021, a portion of which are covered by the bankruptcy procedures as outlined above.

On or about November 20, 2020, the CNESST, on behalf of a former employee, instituted a civil action against the Company and its subsidiary, Star-Isoneo Inc. before the Court of Quebec in Montreal, Quebec. The sums claimed amount to $9,455 and represent unpaid wages for the period escalating from March 1, 2021 to April 3, 2021. In addition to the above amount, the CNESST is also claiming 20% of the total amount of the claim representing the amount of $1,891, as fees. This is an amount owed directly to the CNESST.

LITIGATIONS (Cont'd)

This claim represents the second monetary claim filed by the former employee. The former employee is also part of the first action mentioned above, but the amounts claimed in this action are different since they relate to a different period. The Company has accrued $5,500 for this action.

On or about October 16, 2020, Mr. Jean-Louis Larmor, the Company's former interim Chief Executive Officer, and Vice-President, Corporate Development filed various complaints against the Company and its subsidiary, Star-Isoneo Inc., including a monetary complaint for amounts owed to Mr. Larmor, a prohibited practice (in accordance with Article 122 of the Act Respecting Labour Standards), and a dismissal without just and sufficient cause (in accordance with Article 124 of the Act Respecting Labour Standards). The Company has accrued $173,000 towards Mr. Larmor's claim, included in accrued liabilities.

With respect to the complaints for prohibited practice and of dismissal, if Mr. Larmor's complaint were to be accepted by the tribunal, he would be entitled to full retroactive salary between the date of his reinstatement and the date of his termination of employment, in addition to other potential damages.

On November 1, 2022 the Company and Mr. Larmor reached a mediated settlement with respect to his claim. The Company agreed to pay Mr. Larmor a total of $110,000 dollars with a total of $72,000 being paid out over a six month period in cash and $38,000 being paid in shares.

On or about October 19, 2020 and October 27, 2020, two complaints against the Company and its subsidiary, Star-Isoneo Inc. were brought by two former employees. The complaints are for an amount owed to each employee (monetary complaint); and a dismissal without just and sufficient cause (in accordance with Article 124 of the Act Respecting Labour Standards).

The Company has accrued $36,000 (net of $31,000 owed to the Company by these employees). In May 2022 one of the complaints brought against the Company was settled for $25,000 (net of $19,135 owed to the Company by this former employee). In June 2022 the second complaint against the Company was settled for $15,000 (net of $12,420 owed to the Company by this former employee).

With respect to the complaints for dismissal, if the employee's complaint were to be accepted by the tribunal, the employee would be entitled to retroactive full salary between the date of reinstatement and the date of termination of employment, in addition to other potential damages.

RISK FACTORS AND RISK MANAGEMENT

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.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus.

These measures caused material disruption to businesses globally resulting in an economic slowdown. However, as measures to contain the pandemic became effective, the airline industry began to return to pre-pandemic status, there are still significant challenges facing airlines, including staffing, route suspensions and the prospect of additional COVID-19 variants to be addressed.

Legal Proceedings

The status of the lawsuits has yet to be determined. Trial dates have not been set. The Company has been advised that due to the backlog in the court system, the dates for trial may not occur until 2024 if they occur at all. The disputed amounts are accrued in accounts payable and accrued liabilities on the balance sheet. Mediation sessions are being pursued by both parties.

Economic Dependence

The Company essentially has two customer groups at the present time. One is the STAR-A.D.S.® In flight safety monitoring System. This is marketed to commercial airlines of which two airlines are currently customers and revenue generating. The second customer group relates to maintenance support of equipment installed on the P-3 Orion aircraft operated by various military organizations, with maintenance support sub-contracted to the Company by Lockheed Martin. Requests for service are on an “as required” basis and cannot be predicted with certainty.

While the loss of any business would cause difficulties for the Company, the loss of one customer such as Lockheed Martin would not materially alter the viability of the Company.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

Operations in Foreign Jurisdictions:

The Company's operations offshore have historically been concentrated in India and the Middle East, primarily due to the local experience and contacts of various senior executives of the Company, and the number and rate of expansion of commercial airlines in that area. The Company has now shifted its focus to Africa due to its agreement with Flightpath International.

While sales to a smaller and perhaps more innovative airlines can often be more easily accomplished, the Company is from time to time obliged to offer terms that potentially expose it to issues such as payment problems and the difficulty and expense inherent in enforcing contractual obligations in a foreign jurisdiction. In addition, the expense of servicing or repairing equipment, whether onsite or at the Company's premises in Ontario, can be troubling.

Overseas sales can also be made more difficult due to local culture and business practices. The Company has had a Bribery Policy in place for many years and ensures, to the best of its ability, that all of its officers, employees, consultants and agents are fully aware of the policy and agree to abide by it. Having said that, the Company faces the same challenges in this regard as are faced by all North American companies operating in those jurisdictions."

The Company's revenues depend mainly upon three factors: hardware sales, ongoing monthly monitoring charges and airtime and STAR-M.M.I.™ repair activities. Revenues from hardware are normally a one-time event and are dependent upon sales. Therefore, these revenues will vary from year to year. 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 the STAR-M.M.I.™ Division activities has been non-existent on an annualized basis for the past two years. When it occurs it can and does vary throughout the year, as has been noted earlier in this MD&A.

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 engineering activities. These expense items are pre-revenue in nature. The Company now offers a fully developed STAR-A.D.S.® System to the commercial aviation world.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

The Company's target clients for the flagship STAR-A.D.S.® System, and its variant applications, 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-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.

Amongst other initiatives, the Company is continuing to review and reorganize its sales process. Where possible, it makes greater use of video conferencing, although face to face meetings are required with respect to already well defined and prepared prospects and opportunities.

It is also refocusing its efforts to provide an enhanced emphasis on potential North American customers, while maintaining its existing initiatives overseas.

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

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.

SUBSEQUENT EVENTS

On March 1st, 2023, the Company announced the resignation of Mr. Amir Bhatti as Chief Executive Officer.

Mr. Bhatti played a key roll in guiding Star through the COVID-19 pandemic and having the Company reinstated on the Canadian Stock Exchange. The Company wishes to thank Mr. Bhatti for his efforts as CEO and wishes him much success in the future.

The Company has appointed Mr. Anoop Brar, MBA, P.Eng, PMP as the new Interim CEO. Mr. Brar has served on Star's Board of Directors for several years and has played a significant role in Star's turnaround for over two years. Mr. Brar brings his experience as an Engineer, Digital Transformation Consultant, Entrepreneur and Corporate Strategist to help implement the Company's strategic and tactical agenda's by focusing on marketing, innovation and sales.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, Certification of Disclosure in Company's Annual and Interim Filings ("NI 52-109"), the CEO and CFO file a Venture Company Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Company Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109.

As part of our corporate governance practices, ICFR and DC&P have been designed. There has been no formal evaluation of the operation of these controls. The Company has designed its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance IFRS.

Management works to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Company's DC&P have been designed to ensure that information required to be disclosed by Star is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

It should be noted that while the Company's CEO and CFO believe that the Company's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the DC&P or ICFR will prevent all errors or fraud. There have been no material changes to the internal controls of the Company for the period ended December 31, 2022.